

BLACKROCK DEBT STRATEGIES FUND, INC.  
Form N-CSR  
May 04, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number: 811-08603

Name of Fund: BlackRock Debt Strategies Fund, Inc. (DSU)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Debt Strategies Fund, Inc., 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 02/28/2018

Date of reporting period: 02/28/2018

Item 1 Report to Stockholders

FEBRUARY 28, 2018

**ANNUAL REPORT**

**BlackRock Debt Strategies Fund, Inc. (DSU)**

**Not FDIC Insured   May Lose Value   No Bank  
Guarantee**

## The Markets in Review

Dear Shareholder,

In the 12 months ended February 28, 2018, assets with higher risk and return potential, such as stocks and high-yield bonds, continued to deliver strong performance. Faster global growth drove the equity market, while rising interest rates constrained bond returns.

Emerging market stocks posted the strongest performance, as accelerating growth in China, the second-largest economy in the world, improved the outlook for corporate profits and economic growth across most developing nations. Chinese demand for commodities and other raw materials allayed concerns about the country's banking system, leading to rising equity prices and foreign investment. Higher prices for industrial metals also bolstered the outlook for emerging-market countries.

Rising interest rates worked against high-quality assets with more interest rate sensitivity. Consequently, the 10-year U.S. Treasury—a bellwether of the bond market—posted a negative return, as rising energy prices, higher wages, and steady job growth drove expectations of higher inflation and interest rate increases by the U.S. Federal Reserve (the Fed).

The market's performance reflected reflationary expectations early in the reporting period, as investors began to sense that a global recovery was afoot. Thereafter, many countries experienced sustained and synchronized growth for the first time since the financial crisis. Growth rates and inflation are still relatively low, but they are finally rising together.

The Fed responded to these positive developments by increasing short-term interest rates three times during the year. In October 2017, the Fed also began to reduce its balance sheet, while setting expectations for additional rate hikes in 2018.

By contrast, the European Central Bank (ECB) and the Bank of Japan (BoJ) continued to expand their balance sheets despite nascent signs of sustained economic growth. Rising global growth and inflation, as well as limited bond supply, put steady pressure on other central banks to follow in the Fed's footsteps. In October 2017, the ECB announced plans to cut its bond purchases in half for 2018, while the BoJ reiterated its commitment to economic stimulus, as the country's inflation rate remained below 2.0%.

Rising consumer confidence and improving business sentiment are driving momentum for the U.S. economy. If the Fed maintains a measured pace of stimulus reduction, to the extent that inflation rises, it's likely to be accompanied by rising real growth and higher wages. That could lead to a favorable combination of moderately higher inflation, steadily rising interest rates, and improving growth in 2018. We continue to believe the primary risks to the economic expansion are trade protectionism, rapidly rising interest rates, and geopolitical tension. In particular, we are closely monitoring trade protectionism and the rise of populism in Western nations.

In December 2017, Congress passed a sweeping tax reform bill. The U.S. tax overhaul is likely to accentuate the existing reflationary themes, including faster growth and rising interest rates. Changing the corporate tax rate to a flat 21% will create many winners and losers among high-and-low tax companies, while the windfall from lower taxes could boost business and consumer spending.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit **blackrock.com** for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

**Total Returns as of February 28, 2018**

|   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| U.S. large cap equities<br>(S&P 500 <sup>®</sup> Index)   | 10.84%         | 17.10%          |
| U.S. small cap equities<br>(Russell 2000 <sup>®</sup> Index)                                      | 8.30           | 10.51           |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                           | 7.12           | 20.13           |
| Emerging market equities<br>(MSCI Emerging Markets Index)   | 10.58          | 30.51           |
| 3-month Treasury bills<br>(ICE BofAML 3-Month U.S. Treasury Bill Index)                           | 0.58           | 0.99            |
| U.S. Treasury securities<br>(ICE BofAML 10-Year U.S. Treasury Index)                              | (5.47)         | (2.54)          |
| U.S. investment grade bonds<br>(Bloomberg Barclays U.S.<br>Aggregate Bond Index)                  | (2.18)         | 0.51            |
| Tax-exempt municipal bonds<br>(S&P Municipal Bond Index)  | (1.15)         | 2.32            |
| U.S. high yield bonds<br>(Bloomberg Barclays U.S. Corporate High Yield 2% Issuer<br>Capped Index) | 1.11           | 4.18            |

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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Fund Summary as of February 28, 2018

**BlackRock Debt Strategies Fund, Inc.****Fund Overview**

**BlackRock Debt Strategies Fund, Inc. s (DSU) (the Fund )** primary investment objective is to seek to provide current income by investing primarily in a diversified portfolio of U.S. companies debt instruments, including corporate loans, which are rated in the lower rating categories of the established rating services (BBB or lower by S&P s or Baa or lower by Moody s) or unrated debt instruments, which are in the judgment of the investment adviser of equivalent quality. Corporate loans include senior and subordinated corporate loans, both secured and unsecured. The Fund may invest directly in debt instruments or synthetically through the use of derivatives. The Fund s secondary investment objective is to provide capital appreciation.

No assurance can be given that the Fund s investment objectives will be achieved.

**Fund Information**

|  |                |
|--|----------------|
| Symbol on New York Stock Exchange ( NYSE )   | DSU            |
| Initial Offering Date  | March 27, 1998 |
| Current Distribution Rate on Closing Market Price as of February 28, 2018 (\$11.47) <sup>(a)</sup> | 7.17%          |
| Current Monthly Distribution per Common Share <sup>(b)</sup>                                       | \$0.0685       |
| Current Annualized Distribution per Common Share <sup>(b)</sup>                                    | \$0.8220       |
| Economic Leverage as of February 28, 2018 <sup>(c)</sup>   | 31%            |

- (a) Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. Past performance does not guarantee future results.
- (b) The distribution rate is not constant and is subject to change.
- (c) Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 7.

**Market Price and Net Asset Value Per Share Summary**

|                 | 02/28/18 | 02/28/17 | Change  | High     | Low      |
|-----------------|----------|----------|---------|----------|----------|
| Market Price    | \$ 11.47 | \$ 11.68 | (1.80)% | \$ 11.85 | \$ 11.23 |
| Net Asset Value | 12.62    | 12.70    | (0.63)  | 12.81    | 12.45    |

**Market Price and Net Asset Value History For the Past Five Years**





Fund Summary as of February 28, 2018 (continued)

**BlackRock Debt Strategies Fund, Inc.****Performance and Portfolio Management Commentary**

Returns for the period ended February 28, 2018 were as follows:

|  | Average Annual Total Returns |                |                |
|--|------------------------------|----------------|----------------|
|  | <i>1 Year</i>                | <i>3 Years</i> | <i>5 Years</i> |
| Fund at NAV <sup>(a)(b)</sup>  | 6.60%                        | 6.69%          | 6.81%          |
| Fund at Market Price <sup>(a)(b)</sup>   | 5.35                         | 7.51           | 4.41           |
| <b>Reference Benchmark<sup>(c)</sup></b>   | 4.20                         | 4.73           | 4.69           |
| <b>Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index<sup>(d)</sup></b> | 4.18                         | 5.20           | 5.34           |
| <b>S&amp;P/LSTA Leveraged Loan Index<sup>(e)</sup></b>                                   | 4.22                         | 4.24           | 4.01           |

(a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Fund's use of leverage.

(b) The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

(c) The Reference Benchmark is comprised of the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (50%) and the S&P/LSTA Leveraged Loan Index (50%). The Reference Benchmark's index content and weightings may have varied over past periods.

(d) An unmanaged index comprised of issuers that meet the following criteria: at least \$150 million par value outstanding; maximum credit rating of Ba1; at least one year to maturity; and no issuer represents more than 2% of the index.

(e) An unmanaged market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

DSU is presenting the Reference Benchmark to accompany fund performance. The Reference Benchmark is presented for informational purposes only, as the Fund is actively managed and does not seek to track or replicate the performance of the Reference Benchmark or any other index. The portfolio investments of the Fund may differ substantially from the securities that comprise the indices within the Reference Benchmark, which may cause the Fund's performance to differ materially from that of the Reference Benchmark. The Fund employs leverage as part of its investment strategy, which may change over time at the discretion of BlackRock Advisors, LLC (the Manager) as market and other conditions warrant. In contrast, the Reference Benchmark is not adjusted for leverage. Therefore, leverage generally may result in the Fund outperforming the Reference Benchmark in rising markets and underperforming in declining markets. The Board considers additional factors to evaluate the Fund's performance, such as the performance of the Fund relative to a peer group of funds, a leverage-adjusted benchmark and/or other information provided by the Manager.

More information about the Fund's historical performance can be found in the Closed End Funds section of <http://www.blackrock.com>.

**The following discussion relates to the Fund's absolute performance based on NAV:**

**What factors influenced performance?**

The largest sector contributors over the annual period included the technology, health care and independent energy. B-rated loan credits were the largest driver of positive performance, consistent with the Fund's overweight positioning within the ratings spectrum. Lastly, tactical positions were substantial positive contributors to performance, including the strategy's net long equity position and holdings of collateralized loan obligations (CLOs).

The sole absolute detractor came from the Fund's sector exposure to chemicals. There were no absolute detractors from a credit rating perspective. While the Fund's overall tactical positioning contributed positively in aggregate, exposure to convertible securities detracted from performance.

**Describe recent portfolio activity.**

Given the strong rally in the leveraged finance markets since the beginning of 2016, both high yield bond and leveraged loan spreads have been trading inside of historical averages. As a result, the portfolio transitioned from a moderately overweight risk position to an in-line risk position over the course of 2017 and into 2018. Throughout the period, the Fund remained focused on quality, and on more consistent cash flow credit stories where balance sheets and asset coverage were strong. The Fund remained underweight to the stressed/distressed segments of the market that carry higher yields and greater downside risk. From an asset allocation perspective, key changes included additions to the Fund's floating rate loan interest (bank loan) and CLO allocations, and a reduction in exposure to high yield bonds. The Fund reduced sector exposure to media and retail on the view that both segments remain challenged from a fundamental perspective. By contrast, exposure to technology names was increased.

**Describe portfolio positioning at period end.**

The Fund's largest credit quality exposures were to B-rated credits, followed by BB-rated issuers. The Fund had exposure to CCC-rated issuers, but continued to avoid lower-rated, riskier market segments. As credit selection remains vital to performance, the Fund maintained its up-in-quality and strong liquidity biases. Stylistically, the Fund's core issuer and credit biases remained centered on cash flow views, determination of a specific catalyst and/or idiosyncratic characteristics. The Fund generally underweighted businesses with more cyclical income profiles or deteriorating fundamental trends. From an individual issuer perspective, the Fund's most significant overweight positions were CenturyLink, Inc. and Level 3 Communications (wirelines); First Data Corp. (technology); and Altice and Numericable Group SA (cable & satellite). As of period end, the portfolio held most of its assets in bank loans and high yield bonds, with the remainder in CLOs, investment grade credit, equities and hybrid securities (i.e., convertibles and preferreds).

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Summary as of February 28, 2018 (continued)

BlackRock Debt Strategies Fund, Inc.

**Overview of the Fund's Total Investments****PORTFOLIO COMPOSITION**

|                              | 02/28/18 | 02/28/17 |
|------------------------------|----------|----------|
| Floating Rate Loan Interests | 56%      | 47%      |
| Corporate Bonds              | 36       | 49       |
| Asset-Backed Securities      | 7        | 2        |
| Investment Companies         | (a)      | 1        |
| Preferred Securities         | 1        | 1        |
| Other                        | (b)      | (c)      |

(a) Representing less than 1% of the Fund's total investments.

(b) Includes a less than 1% holding in each of the following investment types: Common Stocks, Options Purchased, Other Interests, Rights and Warrants.

(c) Includes a less than 1% holding in each of the following investment types: Common Stocks, Non-Agency Mortgage-Backed Securities, Options Purchased, Other Interests, Rights and Warrants.

**CREDIT QUALITY ALLOCATION** <sup>(d)</sup>

|         | 02/28/18 | 02/28/17 |
|---------|----------|----------|
| A       | 3%       | %        |
| BBB/Baa | 11       | 8        |
| BB/Ba   | 37       | 42       |
| B       | 38       | 39       |
| CCC/Caa | 5        | 6        |
| N/R     | 6        | 5        |

(d) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's or Moody's Investors Service. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

## The Benefits and Risks of Leveraging

The Fund may utilize leverage to seek to enhance the distribution rate on, and net asset value ( NAV ) of, its common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by the Fund on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume the Fund's capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Fund with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Fund's financing cost of leverage is significantly lower than the income earned on the Fund's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Fund's return on assets purchased with leverage proceeds, income to shareholders is lower than if the Fund had not used leverage. Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Fund's obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Fund's intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in the Fund's NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of the Fund's shares than if the Fund were not leveraged. In addition, the Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Fund to incur losses. The use of leverage may limit the Fund's ability to invest in certain types of securities or use certain types of hedging strategies. The Fund incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Fund's investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Fund's investment adviser will be higher than if the Fund did not use leverage.

The Fund may utilize leverage through a credit facility as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Fund is permitted to issue debt up to 33 1/3% of its total managed assets. The Fund may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, the Fund may also be subject to certain asset coverage, leverage or

portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

#### Derivative Financial Instruments

The Fund may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the instrument. The Fund's successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation the Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Fund's investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

## Schedule of Investments

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

| <i>Security</i>   | <i>Shares</i> | <i>Value</i> |
|---|---------------|--------------|
| <b>Common Stocks 0.6%</b>   |               |              |
| <b>Chemicals 0.0%</b>   |               |              |
| GEO Specialty Chemicals, Inc. <sup>(a)(b)(c)</sup>                | 481,806       | \$ 168,632   |
| GEO Specialty Chemicals, Inc. <sup>(a)(b)</sup>                   | 557,488       | 195,121      |
| LyondellBasell Industries NV, Class A                             | 26            | 2,814        |
|   |               | 366,567      |
| <b>Diversified Financial Services 0.4%</b>                        |               |              |
| Kcad Holdings I Ltd. <sup>(a)(b)</sup>                            | 1,075,282,733 | 2,860,268    |
| <b>Health Care Management Services 0.0%</b>                       |               |              |
| New Millennium HoldCo, Inc. <sup>(b)</sup>                        | 10,718        | 504          |
| <b>Independent Power and Renewable Electricity Producers 0.1%</b> |               |              |
| Vistra Energy Corp.   | 39,599        | 750,401      |
| <b>Internet Software &amp; Services 0.0%</b>                      |               |              |
| New Holdings LLC  | 252           | 88,200       |
| <b>Media 0.0%</b>   |               |              |
| Adelphia Communications Corp., Class A <sup>(a)(b)</sup>          | 400,000       |              |
| Adelphia Recovery Trust <sup>(b)</sup>                            | 396,568       | 198          |
|   |               | 198          |
| <b>Metals &amp; Mining 0.0%</b>                                   |               |              |
| Ameriforge Group, Inc.  | 1,664         | 74,880       |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>          |               |              |
| SunPower Corp. <sup>(b)</sup>                                     | 1,707         | 12,103       |
| <b>Software 0.1%</b>  |               |              |
| Avaya Holdings Corp. <sup>(b)</sup>                               | 20,440        | 429,035      |
| <b>Specialty Retail 0.0%</b>                                      |               |              |
| Things Remembered, Inc. <sup>(a)(b)</sup>                         | 1,199,043     |              |
| <b>Total Common Stocks 0.6%</b>                                   |               |              |
| <b>(Cost \$21,130,855)</b>  |               | 4,582,156    |

|  |     | <i>Par</i>   |              |
|--|-----|--------------|--------------|
|  |     | <i>(000)</i> |              |
| <b>Asset-Backed Securities 10.4%</b>   |     |              |              |
| <b>Asset-Backed Securities 10.4%</b>   |     |              |              |
| ALM VI Ltd., Series 2012-6A, Class B1RR, (3 mo. LIBOR US + 2.05%),<br>3.77%, 07/15/26 <sup>(c)(d)</sup>                              | USD | 3,000        | 3,007,766    |
| ALM XII Ltd., Series 2015-12A, Class BR, (3 mo. LIBOR US + 2.05%),<br>3.77%, 04/16/27 <sup>(c)(d)</sup>                              |     | 1,250        | 1,258,924    |
| ALM XII, Ltd., Series 2015-12A, Class C2R, (3 mo. LIBOR US + 3.20%),<br>4.92%, 04/16/27 <sup>(c)(d)</sup>                            |     | 1,500        | 1,520,501    |
| ALM XVI Ltd/ALM XVI LLC, Series 2015-16A <sup>(c)(d)</sup> :<br>Class BR, (3 mo. LIBOR US + 2.05%), 3.77%, 07/15/27                  |     | 1,000        | 1,007,575    |
| Class C1R, (3 mo. LIBOR US + 3.20%), 4.92%, 07/15/27   |     | 1,650        | 1,674,532    |
| Class D, (3 mo. LIBOR US + 5.35%), 7.07%, 07/15/27   |     | 1,250        | 1,256,103    |
| Anchorage Capital CLO 5-R, Ltd., Series 2014-5RA, Class C, 3.57%,<br>01/15/30 <sup>(c)(e)</sup>                                      |     | 2,000        | 2,006,653    |
| Anchorage Capital CLO 6 Ltd., Series 2015-6A, Class CR, (3 mo. LIBOR US<br>+ 2.40%), 4.12%, 07/15/30 <sup>(c)(d)</sup>               |     | 700          | 714,212      |
| Anchorage Capital CLO Ltd., Series 2013-1A, Class BR, 3.87%, 10/13/30 <sup>(c)(e)</sup>  |     | 1,000        | 1,010,368    |
| Apidos CDO, Series 2015-21A, Class C, (3 mo. LIBOR US + 3.55%),<br>5.28%, 07/18/27 <sup>(c)(d)</sup>                                 |     | 1,650        | 1,658,264    |
|  |     | <i>Par</i>   |              |
|  |     | <i>(000)</i> | <i>Value</i> |
| <b>Asset-Backed Securities (continued)</b>   |     |              |              |
| Apidos CLO XII, Series 2013-12A, Class AR, 2.98%, 04/15/31 <sup>(c)(e)</sup>   | USD | 776          | \$ 775,314   |
| Ares CLO Ltd. <sup>(c)(d)</sup> :<br>Series 2015-38A, Class D, (3 mo. LIBOR US + 4.15%), 5.89%, 01/20/27                             |     | 1,000        | 1,000,268    |
| Series 2016-41A, Class D, (3 mo. LIBOR US + 4.20%), 5.92%, 01/15/29  |     | 450          | 464,390      |
| Ares XLIV CLO Ltd., Series 2017-44A <sup>(c)(d)</sup> :<br>Class C, (3 mo. LIBOR US + 3.45%), 4.76%, 10/15/29                        |     | 1,000        | 1,022,426    |
| Class D, (3 mo. LIBOR US + 6.55%), 7.86%, 10/15/29   |     | 1,000        | 1,025,363    |
| Ares XXVII CLO Ltd., Series 2013-2A <sup>(c)(d)</sup> :<br>Class CR, (3 mo. LIBOR US + 2.40%), 4.16%, 07/28/29                       |     | 1,400        | 1,424,102    |
| Class DR, (3 mo. LIBOR US + 3.75%), 5.51%, 07/28/29  |     | 1,000        | 1,026,129    |
| Benefit Street Partners CLO XII Ltd., Series 2017-12A <sup>(c)(e)</sup> :<br>Class B, 3.35%, 10/15/30                                |     | 1,000        | 1,006,690    |
| Class C, 4.40%, 10/15/30   |     | 1,250        | 1,263,046    |
| BlueMountain CLO Ltd., Series 2014-3A, Class CR, (3 mo. LIBOR US + 3.20%),<br>4.92%, 10/15/26 <sup>(c)(d)</sup>                      |     | 1,000        | 1,005,948    |
| Burnham Park CLO Ltd., Series 2016-1A, Class D, (3 mo. LIBOR US + 3.85%),<br>5.59%, 10/20/29 <sup>(c)(d)</sup>                       |     | 1,000        | 1,013,203    |
| Carlyle Global Market Strategies CLO Ltd. <sup>(c)(d)</sup> :<br>Series 2012-4A, Class DR, (3 mo. LIBOR US + 4.10%), 5.84%, 01/20/29 |     | 1,000        | 1,023,611    |
| Series 2014-1A, Class CR, (3 mo. LIBOR US + 2.75%), 4.48%, 04/17/25  |     | 1,500        | 1,500,310    |
| Series 2015-1A, Class CR, (3 mo. LIBOR US + 2.00%), 3.74%, 04/20/27  |     | 1,250        | 1,253,743    |
| Series 2015-1A, Class E1, (3 mo. LIBOR US + 5.30%), 7.04%, 04/20/27  |     | 1,000        | 1,005,961    |
| Series 2015-2A, Class C, (3 mo. LIBOR US + 3.75%), 5.51%, 04/27/27   |     | 250          | 250,714      |
| Series 2015-2A, Class D, (3 mo. LIBOR US + 5.30%), 7.06%, 04/27/27   |     | 1,000        | 1,005,511    |
| Catskill Park CLO, Ltd., Series 2017-1A, Class C, (3 mo. LIBOR US + 3.70%),<br>5.44%, 04/20/29 <sup>(c)(d)</sup>                     |     | 1,000        | 1,018,541    |

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|  |       |           |
|--|-------|-----------|
| CBAM 2017-3, Ltd., Series 2017-3A, Class E, 7.87%, 10/17/29 <sup>(c)(e)</sup>  | 1,000 | 1,018,403 |
| Cedar Funding IV CLO, Ltd., Series 2014-4A, Class DR, (3 mo. LIBOR US + 3.65%),<br>5.01%, 07/23/30 <sup>(c)(d)</sup> | 1,500 | 1,531,098 |
| CIFC Funding III Ltd., Series 2014-3A, Class C1R, (3 mo. LIBOR US + 1.90%),<br>3.64%, 07/22/26 <sup>(c)(d)</sup>     | 1,375 | 1,375,644 |
| CIFC Funding Ltd., Series 2014-3A, Class DR, (3 mo. LIBOR US + 3.15%),<br>4.89%, 07/22/26 <sup>(c)(d)</sup>          | 1,000 | 1,005,001 |
| CIFC Funding V Ltd., Series 2015-5A, Class D, (3 mo. LIBOR US + 6.30%),<br>8.05%, 10/25/27 <sup>(c)(d)</sup>         | 1,000 | 1,004,679 |
| Dryden Senior Loan Fund, Series 2014-36A, Class DR, (3 mo. LIBOR US + 4.24%),<br>5.96%, 01/15/28 <sup>(c)(d)</sup>   | 1,000 | 1,020,445 |
| Elevation CLO Ltd., Series 2013-1A, Class CR, (3 mo. LIBOR + 4.68%),<br>6.52%, 11/15/28 <sup>(c)(d)</sup>            | 800   | 814,044   |
| Greenwood Park CLO, Ltd., Series 2018-1A, Class E, 6.69%, 04/15/31 <sup>(a)(c)(e)(f)</sup>                           | 425   | 425,000   |



Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par</i><br>(000) | <i>Value</i> |
|--|---------------------|--------------|
| <b>Asset-Backed Securities (continued)</b>   |                     |              |
| Highbridge Loan Management 6-2015, Ltd., Series 6A-2015, Class CR, 4.34%,<br>02/05/31 <sup>(a)(c)(e)(f)</sup>              | USD 300             | \$ 300,000   |
| Highbridge Loan Management Ltd. <sup>(c)(d)</sup> :  |                     |              |
| Series 5A-2015, Class C1R, (3 mo. LIBOR US + 2.10%), 3.86%, 01/29/26   | 1,250               | 1,257,242    |
| Series 5A-2015, Class C2R, (3 mo. LIBOR US + 2.10%), 3.86%, 01/29/26   | 500                 | 501,654      |
| Series 5A-2015, Class D1R, (3 mo. LIBOR US + 3.30%), 5.06%, 01/29/26   | 1,250               | 1,252,923    |
| Series 6A-2015, Class D, (3 mo. LIBOR US + 3.65%), 5.44%, 05/05/27   | 300                 | 300,180      |
| LCM XV LP, Series 15A <sup>(c)(d)</sup> :  |                     |              |
| Class CR, (3 mo. LIBOR US + 2.40%), 3.14%, 07/20/30  | 2,250               | 2,294,079    |
| Class DR, (3 mo. LIBOR US + 3.70%), 5.44%, 07/20/30  | 1,250               | 1,278,556    |
| LCM XXV, Ltd., Series 25A, Class D, (3 mo. LIBOR US + 3.45%),<br>5.19%, 07/20/30 <sup>(c)(d)</sup>                         | 1,000               | 1,016,146    |
| Madison Park Funding Ltd., Series 2018-27A, Class B, 3.85%, 04/20/30 <sup>(c)(e)(f)</sup>                                  | 1,000               | 1,000,000    |
| Madison Park Funding X, Ltd., Series 2012-10A, Class DR, (3 mo. LIBOR US +<br>4.20%), 5.94%, 01/20/29 <sup>(c)(d)</sup>    | 1,500               | 1,536,170    |
| Madison Park Funding XIV Ltd., Series 2014-14A, Class DR, (3 mo. LIBOR US +<br>3.25%), 4.99%, 07/20/26 <sup>(c)(d)</sup>   | 1,015               | 1,022,673    |
| Madison Park Funding XVI Ltd., Series 2015-16A, Class D, (3 mo. LIBOR US +<br>5.50%), 7.24%, 04/20/26 <sup>(c)(d)</sup>    | 1,000               | 1,001,992    |
| MP CLO VII, Ltd., Series 2015-1A, Class DR, 4.23%, 04/18/27 <sup>(c)(e)</sup>  | 280                 | 280,234      |
| Neuberger Berman CLO XV, Series 2013-15A, Class CR, 3.77%, 10/15/29 <sup>(c)(e)</sup>                                      | 1,000               | 1,012,717    |
| Neuberger Berman CLO XVII Ltd., Series 2014-17A, Class DR, (3 mo. LIBOR US +<br>3.65%), 5.39%, 04/22/29 <sup>(c)(d)</sup>  | 1,000               | 1,021,163    |
| Neuberger Berman CLO XVIII Ltd., Series 2014-18A, Class CR, (3 mo. LIBOR US +<br>4.25%), 6.08%, 11/14/27 <sup>(c)(d)</sup> | 1,000               | 1,015,541    |
| Neuberger Berman CLO XXII Ltd., Series 2016-22A, Class E, (3 mo. LIBOR US +<br>6.75%), 8.48%, 10/17/27 <sup>(c)(d)</sup>   | 1,000               | 1,020,285    |
| Neuberger Berman CLO XXIII Ltd., Series 2016-23A, Class E, (3 mo. LIBOR US +<br>6.58%), 8.31%, 10/17/27 <sup>(c)(d)</sup>  | 1,000               | 1,019,183    |
| OCP CLO Ltd., Series 2012-2A, Class DR, (3 mo. LIBOR US + 4.47%), 6.37%,<br>11/22/25 <sup>(c)(d)</sup>                     | 1,000               | 1,016,582    |
| Octagon Investment Partners XXII Ltd., Series 2014-1A, Class CRR, 3.64%,<br>01/22/30 <sup>(c)(e)</sup>                     | 1,500               | 1,505,282    |
| OZLM Funding IV Ltd., 3.94%, 10/22/30 <sup>(c)(e)</sup>  | 1,000               | 1,015,374    |
| OZLM Funding, Ltd., Series 2012-1A <sup>(c)(d)</sup> :   |                     |              |
| Class BR2, (3 mo. LIBOR US + 2.30%), 4.04%, 07/23/29   | 1,000               | 1,018,910    |
| Class CR2, (3 mo. LIBOR US + 3.60%), 5.34%, 07/23/29   | 1,000               | 1,023,390    |
| OZLM IX Ltd., Series 2014-9A Class CR, (3 mo. LIBOR US + 3.55%), 5.29%,<br>01/20/27 <sup>(c)(d)</sup>                      | 750                 | 753,385      |
| Palmer Square CLO Ltd., Series 2015-2A <sup>(c)(d)</sup> :   |                     |              |
| Class CR, (3 mo. LIBOR US + 3.70%), 5.44%, 07/20/30  | 1,200               | 1,221,260    |
| Class DR, (3 mo. LIBOR US + 6.50%), 8.24%, 07/20/30  | 1,000               | 1,021,978    |

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|  | <i>Par<br/>(000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| <b>Asset-Backed Securities (continued)</b>   |                      |              |
| Recette CLO Ltd., Series 2015-1A, Class DR, 4.49%, 10/20/27 <sup>(c)(e)</sup>  | USD 1,000            | \$ 1,001,254 |
| Sound Point CLO III, Ltd., Series 2013-2A, Class DR, (3 mo. LIBOR US + 3.35%), 5.07%, 07/15/25 <sup>(c)(d)</sup>               | 1,000                | 1,001,908    |
| Sound Point CLO IV Ltd., Series 2013-3A <sup>(c)(d)</sup> :  |                      |              |
| Class CR, (3 mo. LIBOR US + 2.25%), 3.99%, 01/21/26  | 1,000                | 1,003,186    |
| Class DR, (3 mo. LIBOR US + 3.40%), 5.14%, 01/21/26  | 500                  | 501,033      |
| Symphony CLO Ltd. (3 mo. LIBOR US + 3.65%), 5.37%, 07/15/28 <sup>(c)(d)</sup>  | 1,700                | 1,710,179    |
| THL Credit Wind River 2014-3 CLO, Ltd., Series 2014-3A, Class C1R, (3 mo. LIBOR US + 2.20%), 3.94%, 01/22/27 <sup>(c)(d)</sup> | 1,000                | 1,003,503    |
| Webster Park CLO Ltd., Series 2015-1A <sup>(c)(d)</sup> :  |                      |              |
| Class B1, (3 mo. LIBOR US + 3.10%), 4.84%, 01/20/27  | 500                  | 500,743      |
| Class C, (3 mo. LIBOR US + 4.05%), 5.79%, 01/20/27   | 500                  | 500,631      |
| York CLO 1, Ltd., Series 2014-1A, Class CR, (3 mo. LIBOR US + 2.35%), 4.09%, 01/22/27 <sup>(c)(d)</sup>                        | 1,500                | 1,505,360    |
| <b>Total Asset-Backed Securities 10.4%</b><br><b>(Cost \$75,825,077)</b>   |                      | 76,829,178   |
| <br>   |                      |              |
| <b>Corporate Bonds 53.5%</b>   |                      |              |
| <b>Aerospace &amp; Defense 1.5%</b>  |                      |              |
| Arconic, Inc.:   |                      |              |
| 5.13%, 10/01/24  | 1,739                | 1,802,039    |
| 5.90%, 02/01/27  | 280                  | 301,000      |
| 6.75%, 01/15/28  | 128                  | 145,920      |
| Bombardier, Inc. <sup>(c)</sup> :  |                      |              |
| 7.75%, 03/15/20  | 168                  | 179,340      |
| 8.75%, 12/01/21  | 144                  | 157,860      |
| 6.00%, 10/15/22  | 1,356                | 1,352,610    |
| 6.13%, 01/15/23  | 390                  | 390,975      |
| 7.50%, 12/01/24  | 648                  | 673,110      |
| 7.50%, 03/15/25  | 1,377                | 1,413,146    |
| KLX, Inc., 5.88%, 12/01/22 <sup>(c)</sup>  | 1,662                | 1,711,860    |
| Koppers, Inc., 6.00%, 02/15/25 <sup>(c)</sup>  | 606                  | 627,210      |
| TransDigm, Inc.:   |                      |              |
| 6.00%, 07/15/22  | 922                  | 943,897      |
| 6.50%, 07/15/24  | 1,309                | 1,349,906    |
| 6.38%, 06/15/26  | 31                   | 31,698       |
|  |                      | 11,080,571   |
| <br>   |                      |              |
| <b>Air Freight &amp; Logistics 0.2%</b>  |                      |              |
| XPO Logistics, Inc., 6.50%, 06/15/22 <sup>(c)</sup>  | 1,831                | 1,901,951    |
| <br>   |                      |              |
| <b>Airlines 0.6%</b>   |                      |              |
| Air Canada Pass-Through Trust, Series 2013-1, Class C, 6.63%, 05/15/18 <sup>(c)</sup>  | 712                  | 717,340      |
| Continental Airlines Pass-Through Trust, Series 2012-3, Class C, 6.13%, 04/29/18   | 2,390                | 2,404,937    |
| US Airways Pass-Through Trust, Series 2013-1, Class B, 5.38%, 05/15/23   | 1,044                | 1,085,659    |

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|  |     |           |
|--|-----|-----------|
| Virgin Australia Trust, Series 2013-1, Class C, 7.13%, 10/23/18 <sup>(c)</sup> | 251 | 254,767   |
|  |     | 4,462,703 |
| <b>Auto Components 0.6%</b>  |     |           |
| Allison Transmission, Inc., 5.00%, 10/01/24 <sup>(c)</sup>                     | 685 | 694,419   |

SCHEDULE OF INVESTMENTS

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## Schedule of Investments (continued)

## BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  |     | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|--|-----|----------------------------|--------------|
| <b>Auto Components (continued)</b>   |     |                            |              |
| Gestamp Funding Luxembourg SA, 3.50%, 05/15/23                                   | EUR | 100                        | \$ 127,032   |
| Goodyear Tire & Rubber Co., 5.00%, 05/31/26                                      | USD | 133                        | 133,000      |
| HP Pelzer Holding GmbH, 4.13%, 04/01/24  | EUR | 100                        | 124,257      |
| Icahn Enterprises LP/Icahn Enterprises Finance Corp.:                            |     |                            |              |
| 6.25%, 02/01/22  | USD | 829                        | 841,435      |
| 6.75%, 02/01/24  |     | 399                        | 406,980      |
| 6.38%, 12/15/25  |     | 184                        | 184,690      |
| IHO Verwaltungs GmbH <sup>(g)</sup> :  |     |                            |              |
| (2.75% Cash or 3.50% PIK), 2.75%, 09/15/21                                       | EUR | 100                        | 124,269      |
| (3.25% Cash or 4.00% PIK), 3.25%, 09/15/23                                       |     | 100                        | 126,026      |
| (3.75% Cash or 4.50% PIK), 3.75%, 09/15/26                                       |     | 100                        | 128,710      |
| (4.50% Cash or 5.25% PIK),<br>4.50%, 09/15/23 <sup>(c)</sup>                     | USD | 900                        | 882,000      |
| Jaguar Land Rover Automotive PLC, 5.63%, 02/01/23 <sup>(c)</sup>                 |     | 425                        | 434,562      |
| Tesla, Inc., 5.30%, 08/15/25 <sup>(c)</sup>                                      |     | 518                        | 491,610      |
| Venture Holdings Co. LLC <sup>(a)(b)(h)</sup> :                                  |     |                            |              |
| 12.00%, 06/01/09   |     | 5,150                      |              |
| Series B, 9.50%, 07/01/05  |     | 5,125                      |              |
|  |     |                            | 4,698,990    |
| <b>Banks 0.2%</b>  |     |                            |              |
| Allied Irish Banks PLC (5 year EUR Swap + 3.95%), 4.13%, 11/26/25 <sup>(i)</sup> | EUR | 100                        | 131,707      |
| Alpha Bank AE, 2.50%, 02/05/23   |     | 100                        | 121,619      |
| Banco Espirito Santo SA <sup>(b)(h)</sup> :                                      |     |                            |              |
| 2.63%, 05/08/17  |     | 100                        | 36,600       |
| 4.00%, 01/21/19  |     | 100                        | 36,600       |
| Banco Popolare, 2.75%, 07/27/20  |     | 100                        | 127,316      |
| Bank of Ireland (5 year EUR Swap + 3.55%),<br>4.25%, 06/11/24 <sup>(i)</sup>     |     | 100                        | 127,547      |
| Bankia SA <sup>(i)</sup> :   |     |                            |              |
| (5 year EUR Swap + 3.17%), 4.00%, 05/22/24                                       |     | 100                        | 126,673      |
| (5 year EUR Swap + 3.35%), 3.38%, 03/15/27                                       |     | 100                        | 129,371      |
| CaixaBank SA (5 year EUR Swap + 3.35%),<br>3.50%, 02/15/27 <sup>(i)</sup>        |     | 100                        | 130,169      |
| CIT Group, Inc., 5.00%, 08/15/22   | USD | 74                         | 76,313       |
| IKB Deutsche Industriebank AG, 4.00%, 01/31/28 <sup>(e)</sup>                    | EUR | 100                        | 123,525      |
| National Bank of Greece SA, 2.75%, 10/19/20                                      |     | 100                        | 124,783      |
|  |     |                            | 1,292,223    |
| <b>Building Materials 0.0%</b>   |     |                            |              |
| Titan Global Finance PLC, 3.50%, 06/17/21  |     | 100                        | 129,015      |

**Building Products 0.4%**American Builders & Contractors Supply Co., Inc.<sup>(c)</sup>:

|   |     |     |         |
|---|-----|-----|---------|
| 5.63%, 04/15/21   | USD | 84  | 85,050  |
| 5.75%, 12/15/23   |     | 415 | 432,637 |
| Beacon Escrow Corp., 4.88%, 11/01/25 <sup>(c)</sup>                 |     | 640 | 624,192 |
| Building Materials Corp. of America, 6.00%, 10/15/25 <sup>(c)</sup> |     | 664 | 701,350 |
| CPG Merger Sub LLC, 8.00%, 10/01/21 <sup>(c)</sup>                  |     | 446 | 459,380 |
| Ply Gem Industries, Inc., 6.50%, 02/01/22                           |     | 472 | 489,266 |
| Standard Industries, Inc. <sup>(c)</sup> :                          |     |     |         |
| 5.50%, 02/15/23   |     | 303 | 311,332 |
| 5.38%, 11/15/24   |     | 85  | 86,913  |

*Par*  
*(000)*                      *Value*

**Building Products (continued)**

|   |     |     |            |
|---|-----|-----|------------|
| USG Corp., 4.88%, 06/01/27 <sup>(c)</sup> | USD | 214 | \$ 210,790 |
|   |     |     | 3,400,910  |

**Capital Markets 0.6%**Blackstone CQP Holdco LP<sup>(c)</sup>:

|   |  |       |           |
|---|--|-------|-----------|
| 6.50%, 03/20/21                           |  | 3,526 | 3,556,852 |
| 6.00%, 08/18/21                           |  | 576   | 578,736   |
| NFP Corp., 6.88%, 07/15/25 <sup>(c)</sup> |  | 106   | 106,265   |
|   |  |       | 4,241,853 |

**Chemicals 3.3%**Alpha 3 BV/Alpha US Bidco, Inc., 6.25%, 02/01/25<sup>(c)</sup>

|  |     |       |            |
|--|-----|-------|------------|
| Axalta Coating Systems Dutch Holding B BV, 3.75%, 01/15/25     | EUR | 100   | 128,204    |
| Axalta Coating Systems LLC,<br>4.88%, 08/15/24 <sup>(c)</sup>  | USD | 325   | 326,625    |
| Blue Cube Spinco, Inc.:  |     |       |            |
| 9.75%, 10/15/23  |     | 564   | 654,240    |
| 10.00%, 10/15/25   |     | 376   | 448,380    |
| CF Industries, Inc., 5.15%, 03/15/34                           |     | 185   | 181,300    |
| Chemours Co.:  |     |       |            |
| 6.63%, 05/15/23  |     | 270   | 283,838    |
| 7.00%, 05/15/25  |     | 321   | 345,877    |
| 5.38%, 05/15/27  |     | 200   | 200,500    |
| GEO Specialty Chemicals, Inc., 15.24%, 10/18/25 <sup>(a)</sup> |     | 7,179 | 10,179,073 |
| Hexion, Inc., 10.38%, 02/01/22 <sup>(c)</sup>                  |     | 311   | 303,225    |
| Huntsman International LLC, 5.13%, 11/15/22                    |     | 1,101 | 1,136,782  |
| INEOS Finance PLC, 4.00%, 05/01/23                             | EUR | 100   | 125,045    |
| INEOS Group Holdings SA, 5.38%, 08/01/24                       |     | 100   | 128,833    |
| Momentive Performance Materials, Inc., 3.88%, 10/24/21         | USD | 2,675 | 2,782,000  |
| NOVA Chemicals Corp., 4.88%, 06/01/24 <sup>(c)</sup>           |     | 350   | 345,625    |
| Olin Corp., 5.00%, 02/01/30                                    |     | 281   | 271,165    |
| Platform Specialty Products Corp. <sup>(c)</sup> :             |     |       |            |
| 6.50%, 02/01/22  |     | 2,687 | 2,757,534  |
| 5.88%, 12/01/25  |     | 788   | 784,060    |
| PQ Corp. <sup>(c)</sup> :                                      |     |       |            |
| 6.75%, 11/15/22  |     | 759   | 800,745    |
| 5.75%, 12/15/25  |     | 247   | 250,705    |

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|  |     |       |            |
|--|-----|-------|------------|
| PSPC Escrow Corp., 6.00%, 02/01/23                               | EUR | 100   | 127,185    |
| Tronox Finance PLC, 5.75%, 10/01/25 <sup>(c)</sup>               | USD | 172   | 170,710    |
| WR Grace & Co-Conn, 5.13%, 10/01/21 <sup>(c)</sup>               |     | 410   | 424,350    |
|  |     |       | 24,261,501 |
| <b>Commercial Services &amp; Supplies 0.8%</b>                   |     |       |            |
| ADT Corp.:   |     |       |            |
| 6.25%, 10/15/21  |     | 574   | 609,516    |
| 3.50%, 07/15/22  |     | 283   | 270,265    |
| 4.13%, 06/15/23  |     | 330   | 320,925    |
| 4.88%, 07/15/32 <sup>(c)</sup>                                   |     | 1,054 | 959,140    |
| Advanced Disposal Services, Inc., 5.63%, 11/15/24 <sup>(c)</sup> |     | 608   | 620,160    |
| CD&R Waterworks Merger Sub LLC, 6.13%, 08/15/25 <sup>(c)</sup>   |     | 505   | 499,950    |
| Harland Clarke Holdings Corp.,                                   |     |       |            |
| 8.38%, 08/15/22 <sup>(c)</sup>                                   |     | 740   | 765,900    |
| KAR Auction Services, Inc., 5.13%, 06/01/25 <sup>(c)</sup>       |     | 408   | 411,060    |
| La Financiere Atalian SAS, 4.00%, 05/15/24                       | EUR | 100   | 126,059    |
| Mobile Mini, Inc., 5.88%, 07/01/24                               | USD | 104   | 108,160    |
| Paprec Holding SA, 5.25%, 04/01/22                               | EUR | 100   | 125,077    |
| Park Aerospace Holdings Ltd. <sup>(c)</sup> :                    |     |       |            |
| 3.63%, 03/15/21  | USD | 62    | 59,675     |
| 5.25%, 08/15/22  |     | 32    | 32,040     |

## Schedule of Investments (continued)

## BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par</i>   |    | <i>Value</i> |
|--|--------------|----|--------------|
|  | <i>(000)</i> |    |              |
| <b>Commercial Services &amp; Supplies (continued)</b>                        |              |    |              |
| Ritchie Bros Auctioneers, Inc., 5.38%, 01/15/25 <sup>(c)</sup>               | USD 302      | \$ | 305,413      |
| United Rentals North America, Inc.:  |              |    |              |
| 4.63%, 07/15/23  | 114          |    | 116,565      |
| 5.75%, 11/15/24  | 165          |    | 170,362      |
| 5.50%, 07/15/25  | 2            |    | 2,060        |
| 5.50%, 05/15/27  | 177          |    | 181,159      |
| Verisure Holding AB, 6.00%, 11/01/22   | EUR 113      |    | 144,994      |
|  |              |    | 5,828,480    |
| <b>Communications Equipment 0.5%</b>   |              |    |              |
| CommScope Technologies Finance LLC, 6.00%, 06/15/25 <sup>(c)</sup>           | USD 105      |    | 108,444      |
| CommScope Technologies LLC, 5.00%, 03/15/27 <sup>(c)</sup>                   | 275          |    | 268,297      |
| CommScope, Inc., 5.50%, 06/15/24 <sup>(c)</sup>                              | 227          |    | 231,256      |
| Zayo Group LLC/Zayo Capital, Inc.:   |              |    |              |
| 6.00%, 04/01/23  | 2,321        |    | 2,410,939    |
| 6.38%, 05/15/25  | 175          |    | 182,896      |
| 5.75%, 01/15/27 <sup>(c)</sup>   | 380          |    | 381,900      |
|  |              |    | 3,583,732    |
| <b>Construction &amp; Engineering 0.5%</b>                                   |              |    |              |
| BlueLine Rental Finance Corp.,   |              |    |              |
| 9.25%, 03/15/24 <sup>(c)</sup>   | 1,699        |    | 1,837,044    |
| Brand Energy & Infrastructure Services, Inc., 8.50%, 07/15/25 <sup>(c)</sup> | 832          |    | 859,040      |
| Engility Corp., 8.88%, 09/01/24  | 468          |    | 496,080      |
| SPIE SA, 3.13%, 03/22/24   | EUR 100      |    | 125,975      |
| Tutor Perini Corp., 6.88%, 05/01/25 <sup>(c)</sup>                           | USD 182      |    | 191,100      |
| Weekley Homes LLC/Weekley Finance Corp., 6.63%, 08/15/25 <sup>(c)</sup>      | 52           |    | 51,984       |
|  |              |    | 3,561,223    |
| <b>Construction Materials 0.6%</b>   |              |    |              |
| American Tire Distributors, Inc., 10.25%, 03/01/22 <sup>(c)</sup>            | 384          |    | 399,886      |
| HD Supply, Inc., 5.75%, 04/15/24 <sup>(c)</sup>                              | 3,188        |    | 3,343,415    |
| PulteGroup, Inc., 5.50%, 03/01/26  | 235          |    | 238,819      |
| Rexel SA, 3.50%, 06/15/23  | EUR 130      |    | 166,205      |
|  |              |    | 4,148,325    |
| <b>Consumer Discretionary 0.2%</b>   |              |    |              |
| Arch Merger Sub, Inc., 8.50%, 09/15/25 <sup>(c)</sup>                        | USD 512      |    | 491,520      |
| Elis SA, 1.88%, 02/15/23   | EUR 100      |    | 123,067      |
| Viking Cruises Ltd. <sup>(c)</sup> :   |              |    |              |
| 6.25%, 05/15/25  | USD 72       |    | 73,080       |
| 5.88%, 09/15/27  | 666          |    | 649,350      |

|   |     |              |    |              |
|---|-----|--------------|----|--------------|
|   |     |              |    | 1,337,017    |
| <b>Consumer Finance 0.8%</b>  |     |              |    |              |
| Ally Financial, Inc.:   |     |              |    |              |
| 5.13%, 09/30/24   |     | 1,207        |    | 1,252,262    |
| 8.00%, 11/01/31   |     | 1,755        |    | 2,176,200    |
| CDK Global, Inc., 4.88%, 06/01/27 <sup>(c)</sup>                                |     | 333          |    | 330,403      |
| IHS Markit Ltd., 4.00%, 03/01/26 <sup>(c)</sup>                                 |     | 151          |    | 146,470      |
| Navient Corp.:  |     |              |    |              |
| 6.63%, 07/26/21   |     | 177          |    | 184,965      |
| 6.50%, 06/15/22   |     | 326          |    | 339,855      |
| 5.50%, 01/25/23   |     | 345          |    | 341,550      |
| 7.25%, 09/25/23   |     | 10           |    | 10,625       |
| 6.13%, 03/25/24   |     | 237          |    | 239,370      |
| 5.88%, 10/25/24   |     | 258          |    | 255,420      |
| 5.63%, 08/01/33   |     | 260          |    | 231,400      |
| OneMain Financial Holdings LLC, 7.25%, 12/15/21 <sup>(c)</sup>                  |     | 124          |    | 128,821      |
|   |     | <i>Par</i>   |    |              |
|   |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Consumer Finance (continued)</b>   |     |              |    |              |
| Springleaf Finance Corp., 5.63%, 03/15/23                                       | USD | 224          | \$ | 221,760      |
|   |     |              |    | 5,859,101    |
| <b>Containers &amp; Packaging 1.8%</b>  |     |              |    |              |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc.:                         |     |              |    |              |
| 6.00%, 06/30/21 <sup>(c)</sup>  |     | 1,270        |    | 1,298,575    |
| 4.63%, 05/15/23 <sup>(c)</sup>  |     | 223          |    | 222,721      |
| 6.75%, 05/15/24   | EUR | 125          |    | 166,416      |
| 7.25%, 05/15/24 <sup>(c)</sup>  | USD | 2,485        |    | 2,662,056    |
| 6.00%, 02/15/25 <sup>(c)</sup>  |     | 1,218        |    | 1,248,450    |
| 4.75%, 07/15/27   | GBP | 100          |    | 133,870      |
| Ball Corp.:   |     |              |    |              |
| 5.00%, 03/15/22   | USD | 158          |    | 163,925      |
| 4.00%, 11/15/23   |     | 32           |    | 31,680       |
| BWAY Holding Co. <sup>(c)</sup> :   |     |              |    |              |
| 5.50%, 04/15/24   |     | 882          |    | 901,845      |
| 7.25%, 04/15/25   |     | 142          |    | 146,615      |
| Horizon Holdings I SASU, 7.25%, 08/01/23  | EUR | 100          |    | 127,996      |
| International Paper Co., 7.30%, 11/15/39  | USD | 5            |    | 6,716        |
| JH-Holding Finance SA, (8.25% PIK), 8.25%, 12/01/22 <sup>(g)</sup>              | EUR | 100          |    | 128,787      |
| Mercer International, Inc., 6.50%, 02/01/24                                     | USD | 144          |    | 150,840      |
| Reynolds Group Issuer, Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Lu: |     |              |    |              |
| 6.88%, 02/15/21   |     | 92           |    | 93,331       |
| (3 mo. LIBOR US + 3.50%), 5.22%, 07/15/21 <sup>(c)(d)</sup>                     |     | 1,361        |    | 1,376,311    |
| 5.13%, 07/15/23 <sup>(c)</sup>  |     | 372          |    | 378,975      |
| 7.00%, 07/15/24 <sup>(c)</sup>  |     | 1,882        |    | 1,981,981    |
| Sappi Papier Holding GmbH, 4.00%, 04/01/23                                      | EUR | 100          |    | 127,045      |
| Sealed Air Corp., 4.88%, 12/01/22 <sup>(c)</sup>                                | USD | 278          |    | 286,340      |
| Signode Industrial Group Lux SA/Signode Industrial Group US, Inc.,              |     |              |    |              |
| 6.38%, 05/01/22 <sup>(c)</sup>  |     | 1,368        |    | 1,415,880    |
| Silgan Holdings, Inc., 3.25%, 03/15/25  | EUR | 100          |    | 124,416      |



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|  |     |       |            |
|--|-----|-------|------------|
| Smurfit Kappa Acquisitions, 4.88%, 09/15/18 <sup>(c)</sup>                               | USD | 200   | 199,000    |
| Verallia Packaging SASU, 5.13%, 08/01/22   | EUR | 100   | 126,280    |
|  |     |       | 13,500,051 |
| <b>Diversified Consumer Services 0.6%</b>  |     |       |            |
| APX Group, Inc.:   |     |       |            |
| 6.38%, 12/01/19  | USD | 106   | 107,590    |
| 8.75%, 12/01/20  |     | 331   | 333,483    |
| 7.88%, 12/01/22  |     | 696   | 733,410    |
| GW Honos Security Corp., 8.75%, 05/15/25 <sup>(c)</sup>                                  |     | 113   | 121,616    |
| Laureate Education, Inc., 8.25%, 05/01/25 <sup>(c)</sup>                                 |     | 119   | 126,735    |
| Prime Security Services Borrower LLC/Prime Finance, Inc., 9.25%, 05/15/23 <sup>(c)</sup> |     | 2,740 | 2,983,175  |
| Service Corp. International, 4.50%, 11/15/20   |     | 307   | 308,535    |
| ServiceMaster Co. LLC, 5.13%, 11/15/24 <sup>(c)</sup>                                    |     | 156   | 153,660    |
|  |     |       | 4,868,204  |
| <b>Diversified Financial Services 0.5%</b>   |     |       |            |
| Aircastle Ltd.:  |     |       |            |
| 5.13%, 03/15/21  |     | 33    | 33,908     |
| 5.50%, 02/15/22  |     | 337   | 350,480    |
| Arrow Global Finance PLC (3 mo. Euribor + 2.88%), 2.88%, 04/01/25 <sup>(d)</sup>         | EUR | 100   | 119,860    |
| Banca IFIS SpA, 4.50%, 10/17/27 <sup>(e)</sup>   |     | 100   | 123,983    |
| EC Finance PLC, 2.38%, 11/15/22  |     | 100   | 123,660    |
| FBM Finance, Inc., 8.25%, 08/15/21 <sup>(c)</sup>  | USD | 350   | 369,250    |
| Garfunkelux Holdco 3 SA, 4.50%, 09/01/23 <sup>(e)</sup>                                  | EUR | 100   | 115,907    |
| Intrum Justitia AB, 2.75%, 07/15/22  |     | 100   | 119,867    |
| Jefferies Finance LLC/JFIN Co-Issuer Corp. <sup>(c)</sup> :                              |     |       |            |
| 7.38%, 04/01/20  | USD | 625   | 632,506    |
| 6.88%, 04/15/22  |     | 516   | 516,000    |

SCHEDULE OF INVESTMENTS

11

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   |            | <i>Par</i><br><i>(000)</i> | <i>Value</i>       |
|---|------------|----------------------------|--------------------|
| <b>Diversified Financial Services (continued)</b>   |            |                            |                    |
| ProGroup AG, 5.13%, 05/01/22  | EUR        | 130                        | \$ 162,705         |
| Tempo Acquisition LLC/Tempo Acquisition Finance Corp., 6.75%, 06/01/25 <sup>(c)</sup>             | USD        | 590                        | 594,425            |
| UniCredit SpA:<br>6.95%, 10/31/22<br>(5 year EUR Swap + 4.32%),<br>4.38%, 01/03/27 <sup>(i)</sup> | EUR        | 100                        | 149,839            |
| Vantiv LLC/Vanity Issuer Corp. <sup>(c)</sup> :<br>3.88%, 11/15/25<br>4.38%, 11/15/25             | GBP<br>USD | 100<br>221                 | 136,314<br>214,094 |
| WMG Acquisition Corp., 4.13%, 11/01/24  | EUR        | 100                        | 128,009            |
|   |            |                            | 4,023,529          |
| <b>Diversified Telecommunication Services 1.7%</b>  |            |                            |                    |
| CenturyLink, Inc.:  |            |                            |                    |
| Series P, 7.60%, 09/15/39   | USD        | 117                        | 102,083            |
| Series S, 6.45%, 06/15/21   |            | 1,679                      | 1,716,778          |
| Series U, 7.65%, 03/15/42   |            | 401                        | 348,870            |
| Cincinnati Bell, Inc., 7.00%, 07/15/24 <sup>(c)</sup>   |            | 1,054                      | 1,001,300          |
| Frontier Communications Corp.:  |            |                            |                    |
| 7.13%, 01/15/23   |            | 216                        | 143,910            |
| 7.63%, 04/15/24   |            | 579                        | 367,665            |
| 6.88%, 01/15/25   |            | 1,534                      | 935,740            |
| 11.00%, 09/15/25  |            | 407                        | 318,986            |
| Level 3 Financing, Inc.:  |            |                            |                    |
| 5.38%, 08/15/22   |            | 713                        | 720,130            |
| 5.13%, 05/01/23   |            | 1,120                      | 1,120,000          |
| 5.38%, 01/15/24   |            | 646                        | 642,770            |
| 5.38%, 05/01/25   |            | 758                        | 752,315            |
| 5.25%, 03/15/26   |            | 340                        | 327,247            |
| OTE PLC, 3.50%, 07/09/20  | EUR        | 100                        | 129,015            |
| SoftBank Group Corp.:   |            |                            |                    |
| (5 year USD ICE Swap + 4.85%), 6.88% <sup>(i)(j)</sup>  | USD        | 735                        | 725,335            |
| 4.75%, 09/19/24   |            | 200                        | 194,053            |
| 4.75%, 07/30/25   | EUR        | 129                        | 165,642            |
| Telecom Italia Capital SA:  |            |                            |                    |
| 6.38%, 11/15/33   | USD        | 579                        | 634,005            |
| 6.00%, 09/30/34   |            | 498                        | 521,655            |
| 7.20%, 07/18/36   |            | 397                        | 464,490            |
| 7.72%, 06/04/38   |            | 59                         | 72,275             |
| Telecom Italia Finance SA, 7.75%, 01/24/33  | EUR        | 100                        | 181,533            |
| Telecom Italia SpA:   |            |                            |                    |
| 3.25%, 01/16/23   |            | 150                        | 199,004            |

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|  |     |              |              |
|--|-----|--------------|--------------|
| 5.30%, 05/30/24 <sup>(c)</sup>                                       | USD | 896          | 928,480      |
|  |     |              | 12,713,281   |
| <b>Electric Utilities 0.1%</b>                                       |     |              |              |
| AES Corp., 5.50%, 04/15/25   |     | 115          | 117,875      |
| DPL, Inc., 7.25%, 10/15/21   |     | 52           | 56,680       |
| NextEra Energy Operating Partners LP, 4.25%, 09/15/24 <sup>(c)</sup> |     | 169          | 166,676      |
| Talen Energy Supply LLC, 6.50%, 06/01/25                             |     | 45           | 34,763       |
|  |     |              | 375,994      |
| <b>Electrical Equipment 0.0%</b>                                     |     |              |              |
| Areva SA, 4.88%, 09/23/24  | EUR | 100          | 135,061      |
| Belden, Inc., 5.50%, 04/15/23  |     | 3            | 3,779        |
|  |     |              | 138,840      |
| <b>Electronic Equipment, Instruments &amp; Components 0.3%</b>       |     |              |              |
| CDW LLC/CDW Finance Corp.:   |     |              |              |
| 5.00%, 09/01/23  | USD | 101          | 102,515      |
| 5.50%, 12/01/24  |     | 2,303        | 2,406,635    |
|  |     |              | 2,509,150    |
|  |     | <i>Par</i>   | <i>Value</i> |
|  |     | <i>(000)</i> |              |
| <b>Energy Equipment &amp; Services 0.7%</b>                          |     |              |              |
| EnSCO PLC:   |     |              |              |
| 5.20%, 03/15/25  | USD | 55           | \$ 45,650    |
| 7.75%, 02/01/26  |     | 381          | 360,045      |
| Gates Global LLC/Gates Global Co.,                                   |     |              |              |
| 6.00%, 07/15/22 <sup>(c)</sup>                                       |     | 390          | 396,825      |
| Pioneer Energy Services Corp., 6.13%, 03/15/22                       |     | 573          | 517,848      |
| Precision Drilling Corp.:  |     |              |              |
| 6.50%, 12/15/21  |     | 4            | 4,070        |
| 7.75%, 12/15/23  |     | 150          | 158,250      |
| Transocean, Inc.:  |     |              |              |
| 5.80%, 10/15/22  |     | 186          | 180,448      |
| 9.00%, 07/15/23 <sup>(c)</sup>                                       |     | 914          | 987,120      |
| 7.50%, 01/15/26 <sup>(c)</sup>                                       |     | 132          | 132,990      |
| 6.80%, 03/15/38  |     | 267          | 214,935      |
| Trinidad Drilling Ltd., 6.63%, 02/15/25 <sup>(c)</sup>               |     | 436          | 421,285      |
| Weatherford International Ltd.:                                      |     |              |              |
| 7.75%, 06/15/21  |     | 215          | 214,194      |
| 8.25%, 06/15/23  |     | 163          | 158,110      |
| 9.88%, 02/15/24  |     | 965          | 955,350      |
| 6.50%, 08/01/36  |     | 266          | 202,160      |
| 7.00%, 03/15/38  |     | 180          | 143,100      |
| 5.95%, 04/15/42  |     | 189          | 136,080      |
|  |     |              | 5,228,460    |
| <b>Environmental, Maintenance, &amp; Security Service 0.2%</b>       |     |              |              |
| Tervita Escrow Corp., 7.63%, 12/01/21 <sup>(c)</sup>                 |     | 1,094        | 1,099,470    |
| Waste Pro USA, Inc., 5.50%, 02/15/26 <sup>(c)</sup>                  |     | 266          | 267,330      |

|  |             |       |           |
|--|-------------|-------|-----------|
|  |             |       | 1,366,800 |
| <b>Food &amp; Staples Retailing</b>  | <b>0.5%</b> |       |           |
| Albertsons Cos. LLC/Safeway, Inc./New Albertsons, Inc./Albertsons LLC:     |             |       |           |
| 6.63%, 06/15/24  |             | 204   | 187,935   |
| 5.75%, 03/15/25  |             | 54    | 47,250    |
| B&M European Value Retail SA, 4.13%, 02/01/22                              | GBP         | 100   | 141,774   |
| Casino Guichard Perrachon SA, 4.50%, 03/07/24                              | EUR         | 200   | 264,463   |
| Dollar Tree, Inc.:   |             |       |           |
| 5.25%, 03/01/20  | USD         | 69    | 69,862    |
| 5.75%, 03/01/23  |             | 2,882 | 2,993,677 |
| Post Holdings, Inc., 5.63%, 01/15/28 <sup>(c)</sup>                        |             | 69    | 67,189    |
| Rite Aid Corp., 6.13%, 04/01/23 <sup>(c)</sup>                             |             | 218   | 219,090   |
|  |             |       | 3,991,240 |
| <b>Food Products</b>   | <b>0.6%</b> |       |           |
| Acosta, Inc., 7.75%, 10/01/22 <sup>(c)</sup>                               |             | 272   | 194,480   |
| B&G Foods, Inc., 5.25%, 04/01/25   |             | 200   | 192,500   |
| Chobani LLC/Chobani Finance Corp., Inc.,<br>7.50%, 04/15/25 <sup>(c)</sup> |             | 598   | 623,415   |
| JBS USA LLC/JBS USA Finance, Inc., 5.75%, 06/15/25 <sup>(c)</sup>          |             | 904   | 863,320   |
| JBS USA LUX SA/JBS USA Finance, Inc.,<br>6.75%, 02/15/28 <sup>(c)</sup>    |             | 352   | 348,550   |
| Pilgrim's Pride Corp. <sup>(e)</sup> :                                     |             |       |           |
| 5.75%, 03/15/25 <sup>(f)</sup>   |             | 362   | 360,190   |
| 5.88%, 09/30/27  |             | 192   | 186,682   |
| Post Holdings, Inc. <sup>(c)</sup> :                                       |             |       |           |
| 5.50%, 03/01/25  |             | 18    | 18,113    |
| 5.00%, 08/15/26  |             | 1,548 | 1,470,600 |
| 5.75%, 03/01/27  |             | 87    | 85,912    |
|  |             |       | 4,343,762 |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par</i>   |    | <i>Value</i> |
|--|--------------|----|--------------|
|  | <i>(000)</i> |    |              |
| <b>Health Care Equipment &amp; Supplies 1.1%</b>                                       |              |    |              |
| Avantor, Inc.:   |              |    |              |
| 4.75%, 10/01/24  | EUR 100      | \$ | 121,123      |
| 6.00%, 10/01/24 <sup>(c)</sup>   | USD 3,050    |    | 3,050,000    |
| Crimson Merger Sub, Inc., 6.63%, 05/15/22 <sup>(c)</sup>                               | 2,159        |    | 2,142,808    |
| DJO Finco, Inc./DJO Finance LLC/DJO Finance Corp., 8.13%, 06/15/21 <sup>(c)</sup>      | 1,302        |    | 1,262,940    |
| Mallinckrodt International Finance SA/Mallinckrodt CB LLC <sup>(c)</sup> :             |              |    |              |
| 4.88%, 04/15/20  | 350          |    | 338,625      |
| 5.75%, 08/01/22  | 1,020        |    | 902,700      |
| 5.63%, 10/15/23  | 236          |    | 195,290      |
| 5.50%, 04/15/25  | 125          |    | 98,750       |
|  |              |    | 8,112,236    |
| <b>Health Care Providers &amp; Services 2.5%</b>                                       |              |    |              |
| Acadia Healthcare Co., Inc.:   |              |    |              |
| 5.13%, 07/01/22  | 708          |    | 716,567      |
| 5.63%, 02/15/23  | 105          |    | 107,725      |
| 6.50%, 03/01/24  | 122          |    | 125,965      |
| Air Medical Merger Sub Corp.,  |              |    |              |
| 6.38%, 05/15/23 <sup>(c)</sup>   | 115          |    | 109,250      |
| Amsurg Corp., 5.63%, 07/15/22  | 50           |    | 50,813       |
| Centene Corp.:   |              |    |              |
| 5.63%, 02/15/21  | 688          |    | 704,340      |
| 4.75%, 05/15/22  | 67           |    | 68,131       |
| 6.13%, 02/15/24  | 311          |    | 326,550      |
| CHS/Community Health Systems, Inc.:  |              |    |              |
| 8.00%, 11/15/19  | 554          |    | 521,043      |
| 5.13%, 08/01/21  | 309          |    | 285,052      |
| DaVita, Inc., 5.13%, 07/15/24  | 517          |    | 513,446      |
| Eagle Holding Co. II LLC, (7.63% Cash or 8.38% PIK), 7.63%, 05/15/22 <sup>(c)(g)</sup> | 342          |    | 342,003      |
| Envision Healthcare Corp., 6.25%, 12/01/24 <sup>(c)</sup>                              | 115          |    | 121,037      |
| HCA, Inc.:   |              |    |              |
| 6.50%, 02/15/20  | 14           |    | 14,770       |
| 5.88%, 03/15/22  | 1,050        |    | 1,113,000    |
| 5.00%, 03/15/24  | 804          |    | 819,075      |
| 5.88%, 02/15/26  | 1,427        |    | 1,476,945    |
| 5.25%, 06/15/26  | 989          |    | 1,013,725    |
| 4.50%, 02/15/27  | 35           |    | 34,169       |
| 5.50%, 06/15/47  | 1,593        |    | 1,573,087    |
| HealthSouth Corp., 5.75%, 11/01/24   | 179          |    | 180,790      |
| MEDNAX, Inc., 5.25%, 12/01/23 <sup>(c)</sup>   | 208          |    | 212,940      |
| MPH Acquisition Holdings LLC,  |              |    |              |
| 7.13%, 06/01/24 <sup>(c)</sup>   | 695          |    | 731,487      |

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|   |     |       |              |              |
|---|-----|-------|--------------|--------------|
| Polaris Intermediate Corp., (8.50% Cash),<br>8.50%, 12/01/22 <sup>(c)(g)</sup>                    |     | 928   |              | 946,560      |
| RegionalCare Hospital Partners Holdings, Inc., 8.25%, 05/01/23 <sup>(c)</sup>                     |     | 169   |              | 177,450      |
| Sterigenics-Nordion Holdings LLC, 6.50%, 05/15/23 <sup>(c)</sup>                                  |     | 128   |              | 129,920      |
| Surgery Center Holdings, Inc.,<br>8.88%, 04/15/21 <sup>(c)</sup>                                  |     | 322   |              | 334,075      |
| Team Health Holdings, Inc., 6.38%, 02/01/25 <sup>(c)</sup>  |     | 545   |              | 498,675      |
| Tenet Healthcare Corp.:   |     |       |              |              |
| 6.00%, 10/01/20   |     | 1,123 |              | 1,167,909    |
| 7.50%, 01/01/22 <sup>(c)</sup>  |     | 322   |              | 339,710      |
| 8.13%, 04/01/22   |     | 2,540 |              | 2,679,700    |
| 4.63%, 07/15/24 <sup>(c)</sup>  |     | 243   |              | 233,280      |
| THC Escrow Corp. III, 5.13%, 05/01/25 <sup>(c)</sup>  |     | 213   |              | 206,610      |
| Vizient, Inc., 10.38%, 03/01/24 <sup>(c)</sup>  |     | 398   |              | 445,760      |
|   |     |       |              | 18,321,559   |
|   |     |       | <i>Par</i>   |              |
|   |     |       | <i>(000)</i> | <i>Value</i> |
| <b>Health Care Technology 0.1%</b>  |     |       |              |              |
| Change Healthcare Holdings LLC/Change Healthcare Finance, Inc., 5.75%,<br>03/01/25 <sup>(c)</sup> | USD | 279   | \$           | 279,000      |
| Quintiles IMS, Inc., 3.25%, 03/15/25 <sup>(c)</sup>   | EUR | 100   |              | 123,075      |
|   |     |       |              | 402,075      |
| <b>Hotels, Restaurants &amp; Leisure 2.1%</b>   |     |       |              |              |
| Burger King France SAS:   |     |       |              |              |
| (3 mo. Euribor + 5.25%), 5.25%, 05/01/23 <sup>(d)</sup>   |     | 100   |              | 124,299      |
| 6.00%, 05/01/24   |     | 100   |              | 129,306      |
| Cirsa Funding Luxembourg SA, 5.88%, 05/15/23  |     | 100   |              | 126,176      |
| Codere Finance 2 Luxembourg SA, 6.75%, 11/01/21   |     | 100   |              | 127,130      |
| CRC Escrow Issuer LLC/CRC Finco, Inc., 5.25%, 10/15/25 <sup>(c)</sup>                             | USD | 551   |              | 538,602      |
| ESH Hospitality, Inc., 5.25%, 05/01/25 <sup>(c)</sup>   |     | 183   |              | 182,543      |
| GLP Capital LP/GLP Financing II, Inc., 5.38%, 04/15/26  |     | 106   |              | 109,445      |
| Golden Nugget, Inc., 6.75%, 10/15/24 <sup>(c)</sup>   |     | 493   |              | 505,325      |
| IRB Holding Corp., 6.75%, 02/15/26 <sup>(c)</sup>   |     | 233   |              | 232,639      |
| Jacobs Entertainment, Inc., 7.88%, 02/01/24 <sup>(c)</sup>  |     | 165   |              | 176,344      |
| KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC <sup>(c)</sup> :                  |     |       |              |              |
| 5.00%, 06/01/24   |     | 66    |              | 66,660       |
| 5.25%, 06/01/26   |     | 250   |              | 253,125      |
| 4.75%, 06/01/27   |     | 223   |              | 217,983      |
| MGM Resorts International:  |     |       |              |              |
| 5.25%, 03/31/20   |     | 1,261 |              | 1,300,406    |
| 6.75%, 10/01/20   |     | 275   |              | 293,563      |
| 6.63%, 12/15/21   |     | 1,352 |              | 1,460,904    |
| 4.63%, 09/01/26   |     | 987   |              | 964,783      |
| New Red Finance, Inc. <sup>(c)</sup> :  |     |       |              |              |
| 4.25%, 05/15/24   |     | 7     |              | 6,685        |
| 5.00%, 10/15/25   |     | 2,806 |              | 2,734,096    |
| Scientific Games International, Inc.:   |     |       |              |              |
| 7.00%, 01/01/22 <sup>(c)</sup>  |     | 905   |              | 952,512      |
| 10.00%, 12/01/22  |     | 2,189 |              | 2,375,065    |

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|  |     |     |            |
|--|-----|-----|------------|
| 5.00%, 10/15/25 <sup>(c)</sup>   |     | 438 | 433,072    |
| Six Flags Entertainment Corp.,   |     |     |            |
| 4.88%, 07/31/24 <sup>(c)</sup>   |     | 925 | 922,771    |
| Station Casinos LLC, 5.00%, 10/01/25 <sup>(c)</sup>                      |     | 572 | 557,700    |
| Unique Pub Finance Co. PLC, Series A4, 5.66%, 06/30/27                   | GBP | 62  | 95,644     |
| Vue International Bidco PLC, 7.88%, 07/15/20                             |     | 147 | 205,410    |
| Wyndham Worldwide Corp., 4.15%, 04/01/24                                 | USD | 166 | 166,320    |
| Wynn Macau Ltd., 5.50%, 10/01/27 <sup>(c)</sup>                          |     | 200 | 196,940    |
|  |     |     | 15,455,448 |
| <b>Household Durables 0.6%</b>   |     |     |            |
| Brookfield Residential Properties, Inc./Brookfield Residential US Corp., |     |     |            |
| 6.13%, 07/01/22 <sup>(c)</sup>   |     | 285 | 294,263    |
| K Hovnanian Enterprises, Inc.,   |     |     |            |
| 10.00%, 07/15/22 <sup>(c)</sup>  |     | 229 | 249,896    |
| Lennar Corp.:  |     |     |            |
| 6.63%, 05/01/20 <sup>(c)</sup>   |     | 130 | 137,475    |
| 8.38%, 01/15/21 <sup>(c)</sup>   |     | 852 | 950,406    |
| 4.75%, 11/15/22  |     | 118 | 118,590    |
| 4.88%, 12/15/23  |     | 265 | 268,644    |
| 5.25%, 06/01/26 <sup>(c)</sup>   |     | 193 | 196,860    |
| 4.75%, 11/29/27 <sup>(c)</sup>   |     | 605 | 585,337    |
| Mattamy Group Corp., 6.50%, 10/01/25 <sup>(c)</sup>                      |     | 90  | 94,050     |
| Tempur Sealy International, Inc., 5.50%, 06/15/26                        |     | 227 | 223,028    |
| Toll Brothers Finance Corp., 6.75%, 11/01/19                             |     | 110 | 115,500    |

SCHEDULE OF INVESTMENTS

13

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   |     | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|---|-----|----------------------------|--------------|
| <b>Household Durables (continued)</b>                             |     |                            |              |
| TRI Pointe Group, Inc.:   |     |                            |              |
| 4.38%, 06/15/19   | USD | 435                        | \$ 436,087   |
| 4.88%, 07/01/21   |     | 525                        | 527,625      |
|   |     |                            | 4,197,761    |
| <b>Household Products 0.0%</b>                                    |     |                            |              |
| Diamond (BC) BV, 5.63%, 08/15/25                                  | EUR | 102                        | 121,211      |
| <b>Independent Power and Renewable Electricity Producers 0.9%</b> |     |                            |              |
| AES Corp.:  |     |                            |              |
| 4.88%, 05/15/23   | USD | 199                        | 200,741      |
| 6.00%, 05/15/26   |     | 656                        | 688,800      |
| 5.13%, 09/01/27   |     | 608                        | 615,600      |
| Calpine Corp. <sup>(c)</sup> :                                    |     |                            |              |
| 5.88%, 01/15/24   |     | 128                        | 130,720      |
| 5.25%, 06/01/26   |     | 1,304                      | 1,264,880    |
| Dynegy, Inc.:   |     |                            |              |
| 7.38%, 11/01/22   |     | 231                        | 243,416      |
| 5.88%, 06/01/23   |     | 133                        | 136,325      |
| 8.00%, 01/15/25 <sup>(c)</sup>                                    |     | 348                        | 378,015      |
| 8.13%, 01/30/26 <sup>(c)</sup>                                    |     | 217                        | 237,615      |
| NRG Energy, Inc.:   |     |                            |              |
| 6.63%, 01/15/27   |     | 1,562                      | 1,612,765    |
| 5.75%, 01/15/28 <sup>(c)</sup>                                    |     | 298                        | 294,215      |
| NRG Yield Operating LLC, 5.38%, 08/15/24                          |     | 341                        | 344,622      |
| QEP Resources, Inc., 5.38%, 10/01/22                              |     | 515                        | 522,725      |
| TerraForm Power Operating LLC <sup>(c)</sup> :                    |     |                            |              |
| 4.25%, 01/31/23   |     | 222                        | 217,560      |
| 5.00%, 01/31/28   |     | 222                        | 214,852      |
|   |     |                            | 7,102,851    |
| <b>Industrial Conglomerates 0.3%</b>                              |     |                            |              |
| Colfax Corp., 3.25%, 05/15/25                                     | EUR | 100                        | 123,743      |
| Vertiv Group Corp., 9.25%, 10/15/24 <sup>(c)</sup>                | USD | 1,747                      | 1,843,085    |
|   |     |                            | 1,966,828    |
| <b>Insurance 0.5%</b>   |     |                            |              |
| Ardonagh Midco 3 PLC, 8.38%, 07/15/23                             | GBP | 100                        | 140,833      |
| Assicurazioni Generali SpA <sup>(d)</sup> :                       |     |                            |              |
| (3 mo. Euribor + 7.11%), 7.75%, 12/12/42                          | EUR | 100                        | 155,042      |
| (3 mo. Euribor + 5.35%), 5.50%, 10/27/47                          |     | 100                        | 142,495      |
| Groupama SA, 6.00%, 01/23/27                                      |     | 100                        | 150,164      |



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|   |     |              |              |
|---|-----|--------------|--------------|
| HUB International Ltd., 7.88%, 10/01/21 <sup>(c)</sup>  | USD | 1,138        | 1,173,563    |
| USIS Merger Sub, Inc., 6.88%, 05/01/25 <sup>(c)</sup>   |     | 23           | 23,288       |
| Wayne Merger Sub LLC, 8.25%, 08/01/23 <sup>(c)</sup>    |     | 1,978        | 2,057,120    |
|   |     |              | 3,842,505    |
| <b>Internet Software &amp; Services 0.3%</b>            |     |              |              |
| Equinix, Inc.:  |     |              |              |
| 2.88%, 03/15/24   | EUR | 100          | 122,000      |
| 5.88%, 01/15/26   | USD | 997          | 1,044,357    |
| Netflix, Inc., 3.63%, 05/15/27                          | EUR | 100          | 122,569      |
| Rackspace Hosting, Inc., 8.63%, 11/15/24 <sup>(c)</sup> | USD | 405          | 421,771      |
| Sabre GBLB, Inc., 5.25%, 11/15/23 <sup>(c)</sup>        |     | 221          | 222,657      |
| Symantec Corp., 5.00%, 04/15/25 <sup>(c)</sup>          |     | 422          | 428,151      |
| United Group BV, 4.38%, 07/01/22                        | EUR | 126          | 155,995      |
| ZPG PLC, 3.75%, 07/15/23                                | GBP | 100          | 136,228      |
|   |     |              | 2,653,728    |
| <b>IT Services 1.5%</b>                                 |     |              |              |
| Ceridian HCM Holding, Inc.,                             |     |              |              |
| 11.00%, 03/15/21 <sup>(c)</sup>                         | USD | 795          | 821,497      |
| First Data Corp. <sup>(c)</sup> :                       |     |              |              |
| 7.00%, 12/01/23   |     | 3,353        | 3,524,841    |
| 5.75%, 01/15/24   |     | 5,296        | 5,388,680    |
| Gartner, Inc., 5.13%, 04/01/25 <sup>(c)</sup>           |     | 320          | 328,000      |
|   |     | <i>Par</i>   | <i>Value</i> |
|   |     | <i>(000)</i> |              |
| <b>IT Services (continued)</b>                          |     |              |              |
| WEX, Inc., 4.75%, 02/01/23 <sup>(c)</sup>               | USD | 826          | \$ 831,679   |
|   |     |              | 10,894,697   |
| <b>Leisure Products 0.1%</b>                            |     |              |              |
| Mattel, Inc., 6.75%, 12/31/25 <sup>(c)</sup>            |     | 422          | 429,385      |
| <b>Machinery 0.3%</b>                                   |     |              |              |
| EnPro Industries, Inc., 5.88%, 09/15/22                 |     | 292          | 302,673      |
| Platin 1426 GmbH, 5.38%, 06/15/23                       | EUR | 109          | 132,149      |
| RBS Global, Inc./Rexnord LLC,                           |     |              |              |
| 4.88%, 12/15/25 <sup>(c)</sup>                          | USD | 265          | 261,025      |
| SPX FLOW, Inc. <sup>(c)</sup> :                         |     |              |              |
| 5.63%, 08/15/24   |     | 359          | 365,282      |
| 5.88%, 08/15/26   |     | 359          | 368,872      |
| Terex Corp., 5.63%, 02/01/25 <sup>(c)</sup>             |     | 940          | 949,400      |
|   |     |              | 2,379,401    |
| <b>Media 6.7%</b>                                       |     |              |              |
| Altice Financing SA, 7.50%, 05/15/26 <sup>(c)</sup>     |     | 594          | 598,455      |
| Altice Luxembourg SA:                                   |     |              |              |
| 7.75%, 05/15/22 <sup>(c)</sup>                          |     | 1,690        | 1,575,925    |
| 6.25%, 02/15/25   | EUR | 100          | 113,802      |
| Altice US Finance I Corp. <sup>(c)</sup> :              |     |              |              |
| 5.38%, 07/15/23   | USD | 2,707        | 2,750,989    |

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|  |     |       |           |
|--|-----|-------|-----------|
| 5.50%, 05/15/26  |     | 637   | 630,630   |
| AMC Networks, Inc.:  |     |       |           |
| 5.00%, 04/01/24  |     | 259   | 259,648   |
| 4.75%, 08/01/25  |     | 528   | 511,500   |
| Cablevision Systems Corp., 8.00%, 04/15/20                                     |     | 502   | 533,475   |
| CBS Radio, Inc., 7.25%, 11/01/24 <sup>(c)</sup>                                |     | 159   | 163,738   |
| CCO Holdings LLC/CCO Holdings Capital Corp.:                                   |     |       |           |
| 5.13%, 02/15/23  |     | 380   | 386,175   |
| 4.00%, 03/01/23 <sup>(c)</sup>   |     | 486   | 473,242   |
| 5.13%, 05/01/27 <sup>(c)</sup>   |     | 3,948 | 3,801,608 |
| 5.00%, 02/01/28 <sup>(c)</sup>   |     | 155   | 146,328   |
| Cequel Communications Holdings I LLC/Cequel Capital Corp. <sup>(c)</sup> :     |     |       |           |
| 6.38%, 09/15/20  |     | 294   | 297,308   |
| 5.13%, 12/15/21  |     | 1,670 | 1,660,446 |
| 7.75%, 07/15/25  |     | 2,044 | 2,176,860 |
| Charter Communications Operating LLC/Charter Communications Operating Capital, |     |       |           |
| 4.91%, 07/23/25  |     | 1,300 | 1,336,401 |
| Clear Channel International BV,  |     |       |           |
| 8.75%, 12/15/20 <sup>(c)</sup>   |     | 762   | 796,290   |
| Clear Channel Worldwide Holdings, Inc.:  |     |       |           |
| 6.50%, 11/15/22  |     | 6,604 | 6,769,887 |
| Series B, 7.63%, 03/15/20  |     | 1,993 | 1,990,509 |
| CSC Holdings LLC:  |     |       |           |
| 10.13%, 01/15/23 <sup>(c)</sup>  |     | 1,250 | 1,396,875 |
| 5.25%, 06/01/24  |     | 742   | 714,175   |
| 6.63%, 10/15/25 <sup>(c)</sup>   |     | 400   | 420,000   |
| 10.88%, 10/15/25 <sup>(c)</sup>  |     | 3,849 | 4,541,820 |
| DISH DBS Corp.:  |     |       |           |
| 5.88%, 07/15/22  |     | 1,537 | 1,498,575 |
| 5.00%, 03/15/23  |     | 281   | 258,169   |
| 7.75%, 07/01/26  |     | 1,635 | 1,610,475 |
| eircom Finance DAC, 4.50%, 05/31/22  | EUR | 100   | 124,989   |
| Hughes Satellite Systems Corp., 5.25%, 08/01/26                                | USD | 1,433 | 1,397,175 |
| Intelsat Jackson Holdings SA:  |     |       |           |
| 5.50%, 08/01/23  |     | 14    | 11,568    |
| 9.75%, 07/15/25 <sup>(c)</sup>   |     | 1,103 | 1,046,471 |
| LG Finance Co. Corp., 5.88%, 11/01/24 <sup>(c)</sup>                           |     | 231   | 241,303   |
| LGE HoldCo VI BV, 7.13%, 05/15/24  | EUR | 100   | 131,760   |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  |     | <i>Par<br/>(000)</i> | <i>Value</i> |
|--|-----|----------------------|--------------|
| <b>Media (continued)</b>   |     |                      |              |
| Live Nation Entertainment, Inc., 4.88%, 11/01/24 <sup>(c)</sup>  | USD | 72                   | \$ 71,550    |
| MDC Partners, Inc., 6.50%, 05/01/24 <sup>(c)</sup>   |     | 490                  | 488,775      |
| Meredith Corp., 6.88%, 02/01/26 <sup>(c)</sup>   |     | 378                  | 389,812      |
| Midcontinent Communications/Midcontinent Finance Corp., 6.88%, 08/15/23 <sup>(c)</sup>                 |     | 463                  | 489,044      |
| NAI Entertainment Holdings/NAI Entertainment Holdings Finance Corp.,<br>5.00%, 08/01/18 <sup>(c)</sup> |     | 538                  | 538,000      |
| Numericable Group SA, 5.38%, 05/15/22  | EUR | 100                  | 124,553      |
| SFR Group SA <sup>(c)</sup> :  |     |                      |              |
| 6.00%, 05/15/22  | USD | 1,192                | 1,157,730    |
| 7.38%, 05/01/26  |     | 2,109                | 2,035,818    |
| Sirius XM Radio, Inc., 4.63%, 05/15/23 <sup>(c)</sup>  |     | 60                   | 59,850       |
| TEGNA, Inc.:   |     |                      |              |
| 5.13%, 10/15/19  |     | 115                  | 116,581      |
| 5.50%, 09/15/24 <sup>(c)</sup>   |     | 172                  | 176,730      |
| Telenet Finance Luxembourg Notes Sarl, 5.50%, 03/01/28 <sup>(c)</sup>                                  |     | 400                  | 386,000      |
| Telesat Canada/Telesat LLC, 8.88%, 11/15/24 <sup>(c)</sup>   |     | 399                  | 437,902      |
| Tribune Media Co., 5.88%, 07/15/22   |     | 34                   | 34,680       |
| Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, 5.00%, 01/15/25 <sup>(c)</sup>                    |     | 400                  | 407,000      |
| Univision Communications, Inc., 5.13%, 05/15/23 <sup>(c)</sup>   |     | 381                  | 360,997      |
| UPCB Finance IV Ltd., 5.38%, 01/15/25 <sup>(c)</sup>   |     | 200                  | 197,750      |
| Videotron Ltd., 5.13%, 04/15/27 <sup>(c)</sup>   |     | 632                  | 637,612      |
| Virgin Media Finance PLC, 5.75%, 01/15/25 <sup>(c)</sup>   |     | 967                  | 950,077      |
| Virgin Media Receivables Financing Notes I DAC, 5.50%, 09/15/24  | GBP | 200                  | 279,542      |
| Virgin Media Secured Finance PLC, 4.88%, 01/15/27  |     | 100                  | 137,326      |
| Ziggo Secured Finance BV, 5.50%,<br>01/15/27 <sup>(c)</sup>  | USD | 150                  | 143,813      |
|  |     |                      | 49,987,713   |
| <b>Metals &amp; Mining 3.7%</b>  |     |                      |              |
| Alcoa Nederland Holding BV, 7.00%, 09/30/26 <sup>(c)</sup>   |     | 270                  | 291,600      |
| ArcelorMittal, 3.13%, 01/14/22   | EUR | 100                  | 132,385      |
| Big River Steel LLC/BRS Finance Corp., 7.25%, 09/01/25 <sup>(c)</sup>                                  | USD | 317                  | 335,227      |
| Constellium NV <sup>(c)</sup> :  |     |                      |              |
| 5.75%, 05/15/24  |     | 250                  | 251,875      |
| 5.88%, 02/15/26  |     | 926                  | 935,260      |
| First Quantum Minerals Ltd. <sup>(c)</sup> :   |     |                      |              |
| 7.00%, 02/15/21  |     | 730                  | 752,812      |
| 7.25%, 05/15/22  |     | 235                  | 242,050      |
| FMG Resources August 2006 Property Ltd., 9.75%, 03/01/22 <sup>(c)</sup>                                |     | 553                  | 610,866      |
| Freeport-McMoRan, Inc.:  |     |                      |              |
| 2.38%, 03/15/18  |     | 2,868                | 2,865,706    |
| 3.10%, 03/15/20  |     | 430                  | 425,700      |

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|  |     |              |              |
|--|-----|--------------|--------------|
| 4.00%, 11/14/21  |     | 804          | 799,980      |
| 3.55%, 03/01/22  |     | 2,317        | 2,253,978    |
| 3.88%, 03/15/23  |     | 2,705        | 2,623,850    |
| 5.40%, 11/14/34  |     | 1,271        | 1,239,225    |
| 5.45%, 03/15/43  |     | 1,200        | 1,158,000    |
| Grinding Media, Inc./Moly-Cop AltaSteel Ltd., 7.38%, 12/15/23 <sup>(c)</sup>           |     | 542          | 573,165      |
| Joseph T Ryerson & Son, Inc.,<br>11.00%, 05/15/22 <sup>(c)</sup>                       |     | 482          | 536,635      |
| Kinross Gold Corp., 6.88%, 09/01/41  |     | 180          | 207,450      |
| Novelis Corp. <sup>(c)</sup> :<br>6.25%, 08/15/24                                      |     | 2,118        | 2,165,655    |
|  |     | <i>Par</i>   |              |
|  |     | <i>(000)</i> | <i>Value</i> |
| <b>Metals &amp; Mining (continued)</b>   |     |              |              |
| Novelis Corp. <sup>(c)</sup> (continued):  |     |              |              |
| 5.88%, 09/30/26  | USD | 1,822        | \$ 1,835,665 |
| Nyrstar Netherlands Holdings BV, 6.88%, 03/15/24                                       | EUR | 100          | 125,033      |
| Ovako AB, 5.00%, 10/05/22  |     | 100          | 124,206      |
| Steel Dynamics, Inc.:  |     |              |              |
| 5.13%, 10/01/21  | USD | 790          | 799,875      |
| 5.25%, 04/15/23  |     | 295          | 301,269      |
| 5.50%, 10/01/24  |     | 138          | 142,830      |
| 4.13%, 09/15/25  |     | 243          | 235,102      |
| 5.00%, 12/15/26  |     | 35           | 35,700       |
| Teck Resources Ltd.:   |     |              |              |
| 3.75%, 02/01/23  |     | 1,348        | 1,317,670    |
| 8.50%, 06/01/24 <sup>(c)</sup>   |     | 1,257        | 1,398,412    |
| 5.20%, 03/01/42  |     | 750          | 725,625      |
| 5.40%, 02/01/43  |     | 977          | 967,230      |
| ThyssenKrupp AG, 1.38%, 03/03/22   | EUR | 75           | 92,324       |
| United States Steel Corp.:   |     |              |              |
| 8.38%, 07/01/21 <sup>(c)</sup>   | USD | 496          | 531,960      |
| 6.88%, 08/15/25  |     | 274          | 287,700      |
|  |     |              | 27,322,020   |
| <b>Multi-Utilities 0.1%</b>  |     |              |              |
| NGL Energy Partners LP/NGL Energy Finance Corp., 6.88%, 10/15/21                       |     | 423          | 426,172      |
| <b>Multiline Retail 0.1%</b>   |     |              |              |
| Neiman Marcus Group Ltd. <sup>(c)</sup> :  |     |              |              |
| 8.00%, 10/15/21  |     | 1,035        | 626,175      |
| (8.75% Cash or 9.50% PIK), 8.75%, 10/15/21 <sup>(g)</sup>                              |     | 157          | 88,776       |
|  |     |              | 714,951      |
| <b>Oil, Gas &amp; Consumable Fuels 6.3%</b>  |     |              |              |
| Andeavor Logistics LP, Series A, 6.88% <sup>(i)(j)</sup>                               |     | 402          | 409,789      |
| Ascent Resources Utica Holdings LLC/ARU Finance Corp., 10.00%, 04/01/22 <sup>(c)</sup> |     | 548          | 583,620      |
| California Resources Corp., 8.00%, 12/15/22 <sup>(c)</sup>                             |     | 489          | 387,532      |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., 6.50%, 04/15/21          |     | 120          | 117,000      |
| Carrizo Oil & Gas, Inc., 6.25%, 04/15/23   |     | 211          | 211,528      |
| Cheniere Corpus Christi Holdings LLC:  |     |              |              |

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|   |       |           |
|---|-------|-----------|
| 7.00%, 06/30/24   | 442   | 494,598   |
| 5.88%, 03/31/25   | 1,250 | 1,321,875 |
| 5.13%, 06/30/27   | 1,062 | 1,073,947 |
| Cheniere Energy Partners LP,<br>5.25%, 10/01/25 <sup>(c)</sup>                        | 425   | 429,250   |
| Chesapeake Energy Corp. <sup>(c)</sup> :<br>8.00%, 12/15/22                           | 95    | 101,056   |
| 8.00%, 06/15/27   | 1,064 | 1,020,110 |
| CONSOL Energy, Inc.:<br>5.88%, 04/15/22   | 6,448 | 6,484,270 |
| 8.00%, 04/01/23   | 40    | 42,350    |
| 11.00%, 11/15/25 <sup>(c)</sup>   | 388   | 415,160   |
| Continental Resources, Inc.:<br>3.80%, 06/01/24                                       | 598   | 580,807   |
| 4.38%, 01/15/28 <sup>(c)</sup>  | 218   | 212,550   |
| Covey Park Energy LLC/Covey Park Finance Corp., 7.50%, 05/15/25 <sup>(c)</sup>        | 517   | 524,755   |
| Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp.,<br>6.25%, 04/01/23 | 90    | 92,700    |
| CrownRock LP/CrownRock Finance, Inc., 5.63%, 10/15/25 <sup>(c)</sup>                  | 750   | 735,000   |
| DCP Midstream LLC <sup>(c)</sup> :<br>4.75%, 09/30/21                                 | 745   | 758,037   |
| 6.45%, 11/03/36   | 250   | 275,000   |

SCHEDULE OF INVESTMENTS

15

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   | <i>Par</i>   |    | <i>Value</i> |
|---|--------------|----|--------------|
|   | <i>(000)</i> |    |              |
| <b>Oil, Gas &amp; Consumable Fuels (continued)</b>                                      |              |    |              |
| DCP Midstream LLC <sup>(c)</sup> (continued):   |              |    |              |
| 6.75%, 09/15/37   | USD 426      | \$ | 474,990      |
| DEA Finance SA, 7.50%, 10/15/22   | EUR 100      |    | 134,186      |
| Denbury Resources, Inc., 9.25%, 03/31/22 <sup>(c)</sup>                                 | USD 696      |    | 713,400      |
| Diamond Offshore Drilling, Inc., 7.88%, 08/15/25  | 118          |    | 119,770      |
| Diamondback Energy, Inc., 5.38%, 05/31/25   | 162          |    | 162,000      |
| Eclipse Resources Corp., 8.88%, 07/15/23  | 140          |    | 140,700      |
| Endeavor Energy Resources LP/EER Finance, Inc., 5.50%, 01/30/26 <sup>(c)</sup>          | 152          |    | 150,860      |
| Energy Transfer Equity LP:  |              |    |              |
| 7.50%, 10/15/20   | 200          |    | 217,000      |
| 4.25%, 03/15/23   | 221          |    | 216,788      |
| 5.88%, 01/15/24   | 523          |    | 554,380      |
| 5.50%, 06/01/27   | 279          |    | 288,765      |
| EP Energy LLC/Everest Acquisition Finance, Inc.:  |              |    |              |
| 9.38%, 05/01/20   | 20           |    | 18,600       |
| 9.38%, 05/01/24 <sup>(c)</sup>  | 741          |    | 546,487      |
| 8.00%, 11/29/24 <sup>(c)</sup>  | 577          |    | 594,310      |
| Extraction Oil & Gas, Inc. <sup>(c)</sup> :   |              |    |              |
| 7.38%, 05/15/24   | 102          |    | 107,610      |
| 5.63%, 02/01/26   | 481          |    | 471,380      |
| Genesis Energy LP/Genesis Energy Finance Corp., 6.50%, 10/01/25                         | 184          |    | 183,540      |
| Great Western Petroleum LLC/Great Western Finance, Inc., 9.00%, 09/30/21 <sup>(c)</sup> | 149          |    | 155,333      |
| Gulfport Energy Corp.:  |              |    |              |
| 6.63%, 05/01/23   | 215          |    | 220,913      |
| 6.00%, 10/15/24   | 192          |    | 188,640      |
| 6.38%, 05/15/25   | 212          |    | 209,085      |
| Halcon Resources Corp.:   |              |    |              |
| 6.75%, 02/15/25 <sup>(c)</sup>  | 75           |    | 75,563       |
| Series WI, 6.75%, 02/15/25  | 701          |    | 708,010      |
| Hess Infrastructure Partners LP/Hess Infrastructure Partners Finance Corp.,             |              |    |              |
| 5.63%, 02/15/26 <sup>(c)</sup>  | 356          |    | 356,000      |
| Indigo Natural Resources LLC, 6.88%, 02/15/26 <sup>(c)</sup>                            | 226          |    | 220,965      |
| MEG Energy Corp. <sup>(c)</sup> :   |              |    |              |
| 6.38%, 01/30/23   | 3            |    | 2,573        |
| 7.00%, 03/31/24   | 534          |    | 455,235      |
| 6.50%, 01/15/25   | 938          |    | 920,412      |
| Murphy Oil Corp.:   |              |    |              |
| 6.88%, 08/15/24   | 673          |    | 707,579      |
| 5.75%, 08/15/25   | 25           |    | 24,913       |
| 5.88%, 12/01/42   | 58           |    | 54,230       |
| Nabors Industries, Inc., 5.75%, 02/01/25 <sup>(c)</sup>                                 | 380          |    | 362,662      |
| NGPL PipeCo LLC <sup>(c)</sup> :  |              |    |              |

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|   |     |              |    |              |
|---|-----|--------------|----|--------------|
| 4.38%, 08/15/22   |     | 240          |    | 239,400      |
| 7.77%, 12/15/37   |     | 1,179        |    | 1,444,275    |
| Noble Holding International Ltd.:                             |     |              |    |              |
| 7.75%, 01/15/24   |     | 400          |    | 365,500      |
| 7.70%, 04/01/25   |     | 159          |    | 142,305      |
| 7.88%, 02/01/26 <sup>(c)</sup>                                |     | 1,319        |    | 1,325,595    |
| Oasis Petroleum, Inc.:  |     |              |    |              |
| 6.50%, 11/01/21   |     | 268          |    | 273,360      |
| 6.88%, 03/15/22   |     | 227          |    | 232,533      |
| 6.88%, 01/15/23   |     | 143          |    | 145,860      |
| Paramount Resources Ltd., 6.88%, 06/30/23 <sup>(c)</sup>      |     | 953          |    | 991,120      |
| Parker Drilling Co., 7.50%, 08/01/20                          |     | 195          |    | 179,888      |
| Parsley Energy LLC/Parsley Finance Corp. <sup>(c)</sup> :     |     |              |    |              |
| 5.38%, 01/15/25   |     | 315          |    | 311,850      |
| 5.63%, 10/15/27   |     | 310          |    | 307,481      |
| PDC Energy, Inc., 6.13%, 09/15/24                             |     | 98           |    | 100,205      |
|   |     | <i>Par</i>   |    |              |
|   |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Oil, Gas &amp; Consumable Fuels (continued)</b>            |     |              |    |              |
| Petroleos Mexicanos, 5.38%, 03/13/22 <sup>(c)</sup>           | USD | 102          | \$ | 106,590      |
| Precision Drilling Corp., 7.13%, 01/15/26 <sup>(c)</sup>      |     | 64           |    | 64,560       |
| Range Resources Corp.:  |     |              |    |              |
| 5.88%, 07/01/22   |     | 1,015        |    | 1,030,225    |
| 4.88%, 05/15/25   |     | 97           |    | 92,878       |
| Resolute Energy Corp., 8.50%, 05/01/20                        |     | 639          |    | 638,201      |
| Rockies Express Pipeline LLC <sup>(c)</sup> :                 |     |              |    |              |
| 6.85%, 07/15/18   |     | 99           |    | 100,238      |
| 6.00%, 01/15/19   |     | 26           |    | 26,585       |
| 5.63%, 04/15/20   |     | 140          |    | 145,425      |
| 6.88%, 04/15/40   |     | 564          |    | 661,290      |
| Rowan Cos., Inc.:   |     |              |    |              |
| 4.88%, 06/01/22   |     | 95           |    | 89,300       |
| 4.75%, 01/15/24   |     | 162          |    | 140,940      |
| 7.38%, 06/15/25   |     | 707          |    | 698,162      |
| RSP Permian, Inc.:  |     |              |    |              |
| 6.63%, 10/01/22   |     | 356          |    | 371,130      |
| 5.25%, 01/15/25   |     | 408          |    | 411,060      |
| Sanchez Energy Corp.:   |     |              |    |              |
| 7.75%, 06/15/21   |     | 1,496        |    | 1,428,680    |
| 6.13%, 01/15/23   |     | 473          |    | 354,750      |
| 7.25%, 02/15/23 <sup>(c)</sup>                                |     | 226          |    | 228,825      |
| SESI LLC:   |     |              |    |              |
| 7.13%, 12/15/21   |     | 180          |    | 183,600      |
| 7.75%, 09/15/24 <sup>(c)</sup>                                |     | 265          |    | 275,600      |
| Seven Generations Energy Ltd., 5.38%, 09/30/25 <sup>(c)</sup> |     | 367          |    | 358,743      |
| SM Energy Co.:  |     |              |    |              |
| 6.50%, 11/15/21   |     | 300          |    | 304,500      |
| 6.50%, 01/01/23   |     | 34           |    | 34,000       |
| 5.00%, 01/15/24   |     | 1,009        |    | 948,460      |
| 5.63%, 06/01/25   |     | 12           |    | 11,468       |
| 6.75%, 09/15/26   |     | 30           |    | 30,150       |

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|   |     |       |            |
|---|-----|-------|------------|
| Southwestern Energy Co.:  |     |       |            |
| 6.70%, 01/23/25   |     | 90    | 88,200     |
| 7.50%, 04/01/26   |     | 371   | 374,710    |
| 7.75%, 10/01/27   |     | 182   | 185,640    |
| Sunoco LP/Sunoco Finance Corp. <sup>(c)</sup> :   |     |       |            |
| 4.88%, 01/15/23   |     | 510   | 507,399    |
| 5.88%, 03/15/28   |     | 151   | 151,566    |
| Tallgrass Energy Partners LP/Tallgrass Energy Finance Corp. <sup>(c)</sup> :  |     |       |            |
| 5.50%, 09/15/24   |     | 146   | 150,377    |
| 5.50%, 01/15/28   |     | 605   | 606,512    |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp.:   |     |       |            |
| 5.13%, 02/01/25   |     | 248   | 247,378    |
| 5.38%, 02/01/27   |     | 2     | 2,000      |
| 5.00%, 01/15/28 <sup>(c)</sup>  |     | 482   | 468,142    |
| Whiting Petroleum Corp., 6.63%, 01/15/26 <sup>(c)</sup>   |     | 496   | 505,920    |
| Williams Cos., Inc., 5.75%, 06/24/44  |     | 1,453 | 1,543,812  |
| WPX Energy, Inc.:   |     |       |            |
| 7.50%, 08/01/20   |     | 77    | 82,390     |
| 6.00%, 01/15/22   |     | 521   | 540,537    |
| 8.25%, 08/01/23   |     | 400   | 453,000    |
| 5.25%, 09/15/24   |     | 158   | 158,000    |
|   |     |       | 46,888,128 |
| <b>Pharmaceuticals 1.4%</b>   |     |       |            |
| Ephios Bondco PLC, 6.25%, 07/01/22  | EUR | 100   | 127,222    |
| Ephios Holdco II PLC, 8.25%, 07/01/23   |     | 100   | 130,673    |
| inVentiv Group Holdings, Inc./inVentiv Health, Inc./inVentiv Health Clinical, Inc.,<br>7.50%, 10/01/24 <sup>(c)</sup> | USD | 468   | 500,760    |



Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  |     | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|--|-----|----------------------------|--------------|
| <b>Pharmaceuticals (continued)</b>   |     |                            |              |
| Jaguar Holding Co. II/Pharmaceutical Product Development LLC, 6.38%, 08/01/23 <sup>(c)</sup> | USD | 2,123                      | \$ 2,133,615 |
| Nidda Healthcare Holding AG, 3.50%, 09/30/24   | EUR | 100                        | 122,238      |
| Teva Pharmaceutical Finance Netherlands II BV, 1.25%, 03/31/23                               |     | 100                        | 108,579      |
| Teva Pharmaceutical Finance Netherlands III BV, 1.70%, 07/19/19                              | USD | 540                        | 526,877      |
| Valeant Pharmaceuticals International, Inc. <sup>(c)</sup> :                                 |     |                            |              |
| 7.50%, 07/15/21  |     | 456                        | 458,280      |
| 6.75%, 08/15/21  |     | 52                         | 50,700       |
| 5.63%, 12/01/21  |     | 180                        | 170,100      |
| 6.50%, 03/15/22  |     | 742                        | 771,680      |
| 5.50%, 03/01/23  |     | 1,575                      | 1,393,875    |
| 4.50%, 05/15/23  | EUR | 340                        | 362,394      |
| 5.88%, 05/15/23  | USD | 755                        | 671,006      |
| 7.00%, 03/15/24  |     | 1,166                      | 1,227,215    |
| 6.13%, 04/15/25  |     | 673                        | 590,558      |
| 5.50%, 11/01/25  |     | 811                        | 802,383      |
|  |     |                            | 10,148,155   |
| <b>Real Estate Investment Trusts (REITs) 0.7%</b>  |     |                            |              |
| GEO Group, Inc.:   |     |                            |              |
| 5.88%, 01/15/22  |     | 90                         | 92,363       |
| 5.13%, 04/01/23  |     | 373                        | 371,135      |
| 5.88%, 10/15/24  |     | 608                        | 614,080      |
| 6.00%, 04/15/26  |     | 100                        | 99,655       |
| Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., 4.63%, 04/01/25                 |     | 102                        | 102,383      |
| Iron Mountain, Inc., 3.00%, 01/15/25   | EUR | 100                        | 121,414      |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer, Inc.:                  |     |                            |              |
| 5.63%, 05/01/24  | USD | 1,453                      | 1,503,128    |
| 4.50%, 09/01/26  |     | 1,228                      | 1,169,670    |
| NH Hotel Group SA, 3.75%, 10/01/23   | EUR | 129                        | 164,659      |
| Starwood Property Trust, Inc.:   |     |                            |              |
| 5.00%, 12/15/21  | USD | 638                        | 652,355      |
| 4.75%, 03/15/25 <sup>(c)</sup>   |     | 98                         | 95,060       |
| VICI Properties 1 LLC/VICI FC, Inc., 8.00%, 10/15/23   |     | 264                        | 292,576      |
|  |     |                            | 5,278,478    |
| <b>Real Estate Management &amp; Development 0.3%</b>   |     |                            |              |
| ADLER Real Estate AG:  |     |                            |              |
| 4.75%, 04/08/20  | EUR | 100                        | 127,090      |
| 2.13%, 02/06/24  |     | 100                        | 121,292      |
| Greystar Real Estate Partners LLC, 5.75%, 12/01/25 <sup>(c)</sup>                            | USD | 218                        | 220,725      |
| Howard Hughes Corp., 5.38%, 03/15/25 <sup>(c)</sup>  |     | 283                        | 279,109      |
| Realogy Group LLC/Realogy Co-Issuer Corp. <sup>(c)</sup> :                                   |     |                            |              |

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|  |     |              |    |              |
|--|-----|--------------|----|--------------|
| 4.50%, 04/15/19  |     | 391          |    | 396,376      |
| 5.25%, 12/01/21  |     | 487          |    | 493,088      |
| 4.88%, 06/01/23  |     | 114          |    | 110,295      |
| RESIDOMO Sro, 3.38%, 10/15/24  | EUR | 100          |    | 122,610      |
| Rialto Holdings LLC/Rialto Corp.,<br>7.00%, 12/01/18 <sup>(c)</sup>  | USD | 175          |    | 175,035      |
|  |     |              |    | 2,045,620    |
| <b>Road &amp; Rail 0.5%</b>  |     |              |    |              |
| Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 5.13%, 06/01/22 <sup>(c)</sup>   |     | 1,335        |    | 1,331,663    |
| Herc Rentals, Inc. <sup>(c)</sup> :  |     |              |    |              |
| 7.50%, 06/01/22  |     | 144          |    | 154,080      |
| 7.75%, 06/01/24  |     | 228          |    | 248,452      |
| Hertz Corp., 7.63%, 06/01/22 <sup>(c)</sup>  |     | 744          |    | 764,460      |
|  |     | <i>Par</i>   |    |              |
|  |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Road &amp; Rail (continued)</b>   |     |              |    |              |
| Loxam SAS:   |     |              |    |              |
| 3.50%, 05/03/23  | EUR | 100          | \$ | 125,667      |
| 6.00%, 04/15/25  |     | 100          |    | 131,129      |
| United Rentals North America, Inc., 4.63%, 10/15/25  | USD | 492          |    | 479,700      |
| Watco Cos. LLC/Watco Finance Corp., 6.38%, 04/01/23 <sup>(c)</sup>   |     | 350          |    | 358,750      |
|  |     |              |    | 3,593,901    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>   |     |              |    |              |
| Advanced Micro Devices, Inc., 7.50%, 08/15/22  |     | 200          |    | 219,500      |
| Micron Technology, Inc., 5.50%, 02/01/25   |     | 24           |    | 24,900       |
| Microsemi Corp., 9.13%, 04/15/23 <sup>(c)</sup>  |     | 35           |    | 38,762       |
| Sensata Technologies BV <sup>(c)</sup> :   |     |              |    |              |
| 5.63%, 11/01/24  |     | 220          |    | 235,191      |
| 5.00%, 10/01/25  |     | 288          |    | 290,160      |
|  |     |              |    | 808,513      |
| <b>Software 2.1%</b>   |     |              |    |              |
| BMC Software Finance, Inc., 8.13%, 07/15/21 <sup>(c)</sup>   |     | 791          |    | 793,966      |
| Genesys Telecommunications Laboratories Inc/Greeneden Lux 3 Sarl/Greeneden US<br>Holdings LLC, 10.00%, 11/30/24 <sup>(c)</sup> |     | 721          |    | 797,606      |
| Infor Software Parent LLC/Infor Software Parent, Inc., (7.13% Cash or 7.88% PIK),<br>7.13%, 05/01/21 <sup>(c)(g)</sup>         |     | 1,666        |    | 1,695,155    |
| Infor US, Inc., 6.50%, 05/15/22  |     | 3,047        |    | 3,115,557    |
| Informatica LLC, 7.13%, 07/15/23 <sup>(c)</sup>  |     | 1,059        |    | 1,079,651    |
| Nuance Communications, Inc.:   |     |              |    |              |
| 5.38%, 08/15/20 <sup>(c)</sup>   |     | 437          |    | 440,824      |
| 6.00%, 07/01/24  |     | 835          |    | 873,869      |
| PTC, Inc., 6.00%, 05/15/24   |     | 197          |    | 207,096      |
| RP Crown Parent LLC, 7.38%, 10/15/24 <sup>(c)</sup>  |     | 145          |    | 151,163      |
| Solera LLC/Solera Finance, Inc., 10.50%, 03/01/24 <sup>(c)</sup>   |     | 2,690        |    | 3,020,332    |
| TIBCO Software, Inc., 11.38%, 12/01/21 <sup>(c)</sup>  |     | 1,466        |    | 1,598,204    |
| Veritas US, Inc./Veritas Bermuda Ltd. <sup>(c)</sup> :   |     |              |    |              |
| 7.50%, 02/01/23  |     | 369          |    | 374,535      |
| 10.50%, 02/01/24   |     | 1,279        |    | 1,221,445    |

|  |             |       |            |
|--|-------------|-------|------------|
|  |             |       | 15,369,403 |
| <b>Specialty Retail</b>                                  | <b>0.4%</b> |       |            |
| Asbury Automotive Group, Inc., 6.00%, 12/15/24           |             | 1,041 | 1,080,037  |
| Group 1 Automotive, Inc., 5.25%, 12/15/23 <sup>(c)</sup> |             | 69    | 70,725     |
| Hexion US Finance Corp., 6.63%, 04/15/20                 |             | 64    | 59,520     |
| JC Penney Corp., Inc.:                                   |             |       |            |
| 8.13%, 10/01/19  |             | 111   | 116,411    |
| 7.40%, 04/01/37  |             | 115   | 82,800     |
| L Brands, Inc.:  |             |       |            |
| 6.88%, 11/01/35  |             | 386   | 383,105    |
| 6.75%, 07/01/36  |             | 109   | 106,820    |
| Masaria Investments SAU, 5.00%, 09/15/24                 | EUR         | 100   | 123,678    |
| Penske Automotive Group, Inc., 5.75%, 10/01/22           | USD         | 288   | 295,920    |
| PetSmart, Inc., 5.88%, 06/01/25 <sup>(c)</sup>           |             | 401   | 312,780    |
| PVH Corp., 3.13%, 12/15/27                               | EUR         | 107   | 129,833    |
| Shop Direct Funding PLC, 7.75%, 11/15/22                 | GBP         | 100   | 128,071    |
|  |             |       | 2,889,700  |
| <b>Technology Hardware, Storage &amp; Peripherals</b>    | <b>0.5%</b> |       |            |
| Dell International LLC/EMC Corp. <sup>(c)</sup> :        |             |       |            |
| 7.13%, 06/15/24  | USD         | 1,277 | 1,374,371  |
| 6.02%, 06/15/26  |             | 245   | 261,576    |
| 8.35%, 07/15/46  |             | 385   | 487,751    |

SCHEDULE OF INVESTMENTS

17

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  |     | <i>Par<br/>(000)</i> | <i>Value</i> |
|--|-----|----------------------|--------------|
| <b>Technology Hardware, Storage &amp; Peripherals (continued)</b>                  |     |                      |              |
| Western Digital Corp.:   |     |                      |              |
| 7.38%, 04/01/23 <sup>(c)</sup>   | USD | 521 \$               | 566,327      |
| 4.75%, 02/15/26  |     | 881                  | 887,608      |
|  |     |                      | 3,577,633    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>                                   |     |                      |              |
| BiSoho SAS, 5.88%, 05/01/23  | EUR | 54                   | 70,419       |
| Levi Strauss & Co., 3.38%, 03/15/27  |     | 100                  | 125,769      |
|  |     |                      | 196,188      |
| <b>Thriffs &amp; Mortgage Finance 0.1%</b>   |     |                      |              |
| Jerrold Finco PLC, 6.25%, 09/15/21   | GBP | 100                  | 140,492      |
| Ladder Capital Finance Holdings LLLP/Ladder Capital Finance Corp. <sup>(c)</sup> : |     |                      |              |
| 5.25%, 03/15/22  | USD | 225                  | 226,688      |
| 5.25%, 10/01/25  |     | 316                  | 307,310      |
|  |     |                      | 674,490      |
| <b>Trading Companies &amp; Distributors 0.0%</b>                                   |     |                      |              |
| Ashtead Capital, Inc., 5.63%, 10/01/24 <sup>(c)</sup>                              |     | 320                  | 334,400      |
| <b>Transportation Infrastructure 0.0%</b>  |     |                      |              |
| Swissport Financing Sarl, 9.75%, 12/15/22  | EUR | 100                  | 127,799      |
| WFS Global Holding SAS, 9.50%, 07/15/22  |     | 100                  | 130,036      |
|  |     |                      | 257,835      |
| <b>Utilities 0.0%</b>  |     |                      |              |
| ContourGlobal Power Holdings SA, 5.13%, 06/15/21                                   |     | 100                  | 124,245      |
| <b>Wireless Telecommunication Services 2.4%</b>                                    |     |                      |              |
| CyrusOne LP/CyrusOne Finance Corp.:  |     |                      |              |
| 5.00%, 03/15/24  | USD | 797                  | 802,977      |
| 5.38%, 03/15/27  |     | 62                   | 62,155       |
| Digicel Group Ltd., 7.13%, 04/01/22 <sup>(c)</sup>                                 |     | 485                  | 420,980      |
| Digicel Ltd., 6.00%, 04/15/21 <sup>(c)</sup>                                       |     | 2,228                | 2,141,665    |
| Equinix, Inc., 2.88%, 10/01/25   | EUR | 100                  | 120,856      |
| Matterhorn Telecom SA:   |     |                      |              |
| 3.88%, 05/01/22  |     | 100                  | 123,830      |
| 4.00%, 11/15/27  |     | 100                  | 119,404      |
| Radiate Holdco LLC/Radiate Finance, Inc.,  |     |                      |              |
| 6.63%, 02/15/25 <sup>(c)</sup>   | USD | 380                  | 363,850      |
| SBA Communications Corp., 4.00%, 10/01/22 <sup>(c)</sup>                           |     | 499                  | 489,020      |
| Sprint Capital Corp.:  |     |                      |              |

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|   |       |            |
|---|-------|------------|
| 6.90%, 05/01/19   | 270   | 279,542    |
| 8.75%, 03/15/32   | 262   | 284,270    |
| Sprint Communications, Inc., 7.00%, 03/01/20 <sup>(c)</sup>               | 1,497 | 1,581,206  |
| Sprint Corp.:   |       |            |
| 7.88%, 09/15/23   | 1,079 | 1,116,765  |
| 7.13%, 06/15/24   | 4,792 | 4,758,935  |
| 7.63%, 02/15/25   | 1,113 | 1,113,000  |
| 7.63%, 03/01/26   | 366   | 364,664    |
| T-Mobile USA, Inc.:   |       |            |
| 6.00%, 03/01/23   | 653   | 679,120    |
| 6.50%, 01/15/24   | 584   | 611,740    |
| 4.50%, 02/01/26   | 732   | 718,275    |
| 4.75%, 02/01/28   | 935   | 911,980    |
| Uniti Group LP/Uniti Group Finance, Inc./CSL Capital LLC, 8.25%, 10/15/23 | 745   | 694,713    |
|   |       | 17,758,947 |

**Total Corporate Bonds 53.5%**

(Cost \$402,867,584)

397,123,083

|   | <i>Par</i>   | <i>Value</i> |
|---|--------------|--------------|
|   | <i>(000)</i> |              |
| <b>Floating Rate Loan Interests<sup>(k)</sup> 82.2%</b>   |              |              |
| <b>Aerospace &amp; Defense 1.2%</b>   |              |              |
| Accudyne Industries LLC, 2017 Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor),<br>4.90%, 08/18/24         | USD 3,297    | \$ 3,313,683 |
| DAE Aviation Holdings, Inc., 1st Lien Term Loan, (1 mo. LIBOR + 3.75%, 1.00%<br>Floor), 5.40%, 07/07/22 | 489          | 492,724      |
| TransDigm, Inc. :   |              |              |
| 2017 Extended Term Loan F, (3 mo. LIBOR + 2.75%), 4.41%, 06/09/23                                       | 3,554        | 3,574,343    |
| 2017 Term Loan E, (1 mo. LIBOR + 2.75%), 4.40%, 05/14/22  | 1,678        | 1,688,162    |
|   |              | 9,068,912    |
| <b>Air Freight &amp; Logistics 0.5%</b>   |              |              |
| Avolon TLB Borrower 1 (Luxembourg) Sarl, Term Loan B2, (1 mo. LIBOR + 2.25%),<br>3.84%, 04/03/22        | 756          | 755,461      |
| CEVA Group PLC, Letter of Credit, (3 mo. LIBOR + 5.50%), 6.50%, 03/19/21 <sup>(a)</sup>                 | 701          | 687,461      |
| CEVA Intercompany BV, Dutch Term Loan, (3 mo. LIBOR + 5.50%, 1.00% Floor),<br>7.27%, 03/19/21           | 713          | 699,554      |
| CEVA Logistics Canada ULC, Canadian Term Loan, (3 mo. LIBOR + 5.50%, 1.00%<br>Floor), 7.27%, 03/19/21   | 123          | 120,457      |
| CEVA Logistics US Holdings, Inc., Term Loan, (3 mo. LIBOR + 5.50%, 1.00%<br>Floor), 7.27%, 03/19/21     | 940          | 922,105      |
| Livingston International, Inc., Term Loan B3, (3 mo. LIBOR + 5.75%),<br>7.44%, 03/20/20                 | 342          | 341,081      |
|   |              | 3,526,119    |
| <b>Airlines 0.0%</b>  |              |              |
| Northwest Airlines, Inc., Term Loan, (6 mo. LIBOR + 1.23%), 2.68%, 09/10/18 <sup>(a)</sup>              | 151          | 149,849      |

**Auto Components 0.7%**

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|   |     |       |           |
|---|-----|-------|-----------|
| Boing US Holdco, Inc., 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.29%, 10/03/24 |     | 1,720 | 1,727,533 |
| Dayco Products LLC, 2017 Term Loan B, (1 mo. LIBOR + 5.00%), 6.98%, 05/19/23 <sup>(a)</sup>         |     | 948   | 958,501   |
| FPC Holdings, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 4.00%), 5.69%, 11/19/19                      |     | 1,118 | 1,111,786 |
| Goodyear Tire & Rubber Co., 2nd Lien Term Loan, (1 mo. LIBOR + 2.00%), 3.59%, 04/30/19              |     | 401   | 401,209   |
| USI, Inc., 2017 Repriced Term Loan, (3 mo. LIBOR + 3.00%), 4.69%, 05/16/24                          |     | 773   | 771,679   |
|   |     |       | 4,970,708 |
| <b>Automobiles 0.1%</b>   |     |       |           |
| CH Hold Corp., 1st Lien Term Loan, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.65%, 02/01/24              |     | 888   | 892,576   |
| <b>Banks 0.1%</b>   |     |       |           |
| Banco Espirito Santo SA, 1,445.84%-4.75%, 01/15/19  | EUR | 200   | 71,370    |
| Capri Finance LLC, 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.25%), 5.02%, 11/01/24                  | USD | 470   | 469,709   |
|   |     |       | 541,079   |
| <b>Building Materials 0.1%</b>  |     |       |           |
| Allied Universal HoldCo LLC, 2015 Term Loan, (3 mo. LIBOR + 3.75%, 1.00% Floor), 5.44%, 07/28/22    |     | 688   | 679,652   |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   | <i>Par<br/>(000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| <b>Building Materials (continued)</b>   |                      |              |
| USAGM HoldCo LLC, 2015 2nd Lien Term Loan, (3 mo. LIBOR + 8.50%, 1.00% Floor), 10.27%, 07/28/23                             | USD 395              | \$ 391,050   |
|   |                      | 1,070,702    |
| <b>Building Products 0.9%</b>   |                      |              |
| Continental Building Products LLC, 2017 1st Lien Term Loan B, (1 mo. LIBOR + 2.25%), 3.91%, 08/18/23                        | 371                  | 374,744      |
| CPG International Inc., 2017 Term Loan, (6 mo. LIBOR + 3.75%, 1.00% Floor), 5.59%, 05/03/24                                 | 1,952                | 1,964,549    |
| Jeld-Wen Inc., 2017 1st Lien Term Loan, (3 mo. LIBOR + 2.00%), 3.69%, 12/14/24  | 945                  | 949,489      |
| Ply Gem Industries, Inc., Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.69%, 02/01/21                                    | 1,012                | 1,015,131    |
| Wilsonart LLC, 2017 Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor), 4.95%, 12/19/23  | 2,620                | 2,635,540    |
|   |                      | 6,939,453    |
| <b>Capital Markets 0.9%</b>   |                      |              |
| Duff & Phelps Corp., 2017 Term Loan B, 02/13/25 <sup>(1)</sup>  | 485                  | 488,502      |
| EIG Management Company LLC, 2018 Term Loan B, 01/30/25 <sup>(1)</sup>   | 1,576                | 1,586,569    |
| FinCo I LLC, 2017 Term Loan B, (1 mo. LIBOR + 2.75%), 4.40%, 12/27/22   | 1,360                | 1,372,240    |
| Greenhill & Co., Inc., 1st Lien Term Loan, (1 mo. LIBOR + 3.75%, 1.00% Floor), 5.38%, 10/12/22                              | 1,448                | 1,457,050    |
| RPI Finance Trust, Term Loan B6, (3 mo. LIBOR + 2.00%), 3.69%, 03/27/23   | 2,050                | 2,060,824    |
|   |                      | 6,965,185    |
| <b>Chemicals 2.4%</b>   |                      |              |
| Alpha 3 BV, 2017 Term Loan B1, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.69%, 01/31/24  | 711                  | 716,049      |
| Axalta Coating Systems US Holdings, Inc., Term Loan, (3 mo. LIBOR + 2.00%), 3.69%, 06/01/24                                 | 2,141                | 2,152,456    |
| CeramTec Acquisition Corp., Term Loan B2, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.73%, 08/30/20 <sup>(a)</sup>                | 71                   | 70,737       |
| Charter NEX US Holdings, Inc., 2017 Term Loan B, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.65%, 05/16/24                        | 1,348                | 1,350,248    |
| Chemours Company, 2017 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 05/12/22  | 113                  | 113,131      |
| EaglePicher Technologies LLC, 1st Lien Term Loan B, 02/27/25 <sup>(1)</sup>   | 1,065                | 1,065,671    |
| Element Materials Technology Group US Holdings, Inc., 2017 Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 06/28/24 | 660                  | 667,016      |
| Encapsys LLC, 1st Lien Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 11/07/24                                       | 1,000                | 1,006,250    |
| Evergreen Acqco 1 LP, Term Loan, (3 mo. LIBOR + 3.75%), 5.49%, 07/09/19   | 196                  | 187,697      |
| H.B. Fuller Co., 2017 Term Loan B, (1 mo. LIBOR + 2.25%), 3.84%, 10/20/24   | 1,332                | 1,337,495    |

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Invictus<sup>(1)</sup>:

|                              |     |         |
|------------------------------|-----|---------|
| 1st Lien Term Loan, 01/24/25 | 751 | 755,595 |
| 2nd Lien Term Loan, 01/23/26 | 390 | 392,683 |

*Par*  
*(000)*                      *Value*

**Chemicals (continued)**

MacDermid, Inc. :

|  |           |              |
|--|-----------|--------------|
| Term Loan B6, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.65%, 06/07/23                                    | USD 1,687 | \$ 1,696,809 |
| Term Loan B7, (1 mo. LIBOR + 2.50%, 1.00% Floor), 4.15%, 06/07/20                                    | 311       | 311,895      |
| Oxea Holding Drei GmbH, 2017 Term Loan B2, (3 mo. LIBOR + 3.50%), 5.25%, 10/11/24 <sup>(a)</sup>     | 3,383     | 3,400,438    |
| PQ Corp., 2018 Term Loan B, (3 mo. LIBOR + 2.50%), 4.29%, 02/08/25                                   | 1,453     | 1,460,058    |
| Tata Chemicals North America, Inc., Term Loan B, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.50%, 08/07/20 | 526       | 526,357      |
| Tronox Blocked Borrower LLC, Term Loan B, (3 mo. LIBOR + 3.00%), 4.69%, 09/22/24                     | 74        | 74,262       |
| Tronox Finance LLC, Term Loan B, (3 mo. LIBOR + 3.00%), 4.69%, 09/22/24                              | 170       | 171,374      |

17,456,221

**Commercial Services & Supplies 3.8%**

|  |       |           |
|--|-------|-----------|
| Advanced Disposal Services, Inc., Term Loan B3, (1 Week LIBOR + 2.25%), 3.72%, 11/10/23                            | 1,965 | 1,971,017 |
| Asurion LLC :  |       |           |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 6.00%), 7.65%, 08/04/25  | 901   | 922,849   |
| 2017 Term Loan B4, (1 mo. LIBOR + 2.75%), 4.40%, 08/04/22  | 1,894 | 1,902,526 |
| 2018 Term Loan B6, (1 mo. LIBOR + 2.75%), 4.40%, 11/03/23  | 1,717 | 1,726,101 |
| Camelot UK Holdco Ltd., 2017 Repriced Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 10/03/23               | 4,923 | 4,955,477 |
| Catalent Pharma Solutions, Inc., Term Loan B, (1 mo. LIBOR + 2.25%, 1.00% Floor), 3.90%, 05/20/24                  | 2,407 | 2,415,290 |
| Convergint Technologies LLC, 2018 1st Lien Term Loan, (3 mo. LIBOR + 3.00%), 4.66%, 02/03/25                       | 546   | 545,364   |
| Creative Artists Agency LLC, 2018 Term Loan B, (1 mo. LIBOR + 3.00%), 4.59%, 02/15/24                              | 1,287 | 1,296,653 |
| Dealer Tire LLC, 2017 Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor), 5.00%, 12/22/21 <sup>(a)</sup>              | 95    | 96,065    |
| Employbridge LLC, Exit Term Loan, (3 mo. LIBOR + 6.50% 1.00% Floor), 8.19%, 05/16/20                               | 512   | 504,749   |
| Garda World Security Corp., 2017 Term Loan, (PRIME + 2.50%), 7.00%, 05/24/24                                       | 858   | 865,872   |
| Harland Clarke Holdings Corp., Term Loan B7, (3 mo. LIBOR + 4.75%, 1.00% Floor), 6.44%, 11/03/23                   | 818   | 825,066   |
| KAR Auction Services, Inc., Term Loan B5, (3 mo. LIBOR + 2.50%), 4.25%, 03/09/23                                   | 1,135 | 1,140,336 |
| Prime Security Services Borrower LLC, 2016 1st Lien Term Loan, (1 mo. LIBOR + 2.75%, 1.00% Floor), 4.40%, 05/02/22 | 2,172 | 2,188,882 |
| US Security Associates Holdings, Inc., 2016 Term Loan, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.69%, 07/14/23         | 2,047 | 2,061,869 |
| West Corp., 2017 Term Loan, (1 mo. LIBOR + 4.00%, 1.00% Floor), 5.65%, 10/10/24                                    | 2,185 | 2,203,206 |
| Wrangler Buyer Corp., Term Loan B, (1 mo. LIBOR + 3.00%), 4.65%, 09/27/24  | 2,599 | 2,611,198 |



|   |             |                 |
|---|-------------|-----------------|
|   |             | 28,232,520      |
| <b>Communications Equipment</b>   | <b>0.6%</b> |                 |
| Avaya, Inc., Exit Term Loan B, (1 mo. LIBOR + 4.75%, 1.00% Floor), 6.34%,<br>12/15/24 |             | 1,538 1,545,672 |

SCHEDULE OF INVESTMENTS

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   | <i>Par</i>   | <i>Value</i> |
|---|--------------|--------------|
|   | <i>(000)</i> |              |
| <b>Communications Equipment (continued)</b>   |              |              |
| Colorado Buyer, Inc., Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.78%, 05/01/24                            | USD 1,189    | \$ 1,194,756 |
| CommScope, Inc., Term Loan B5, (1 mo. LIBOR + 2.00%), 3.65%, 12/29/22   | 394          | 395,462      |
| Securus Technologies Holdings, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 4.50%, 1.00% Floor), 6.15%, 11/01/24 | 1,649        | 1,666,529    |
|   |              | 4,802,419    |
| <b>Construction &amp; Engineering 1.1%</b>  |              |              |
| AECOM, Term Loan B, 02/22/25 <sup>(1)</sup>   | 720          | 720,598      |
| Brand Energy & Infrastructure Services, Inc., 2017 Term Loan, (3 mo. LIBOR + 4.25%, 1.00% Floor), 6.00%, 06/21/24 | 5,641        | 5,680,773    |
| CNT Holdings III Corp., 2017 Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 01/22/23                       | 224          | 217,850      |
| Engility Corp. :  |              |              |
| Term Loan B1, (1 mo. LIBOR + 2.75%), 4.40%, 08/12/20  | 214          | 215,715      |
| Term Loan B2, (PRIME + 2.25%), 4.90%, 08/12/23  | 381          | 383,206      |
| Pike Corp., Replacement Term Loan, (1 mo. LIBOR + 3.50%, 1.00% Floor), 5.15%, 09/20/24                            | 145          | 145,903      |
| USIC Holdings, Inc., 2017 Term Loan B, (6 mo. LIBOR + 3.50%, 1.00% Floor), 5.00%, 12/08/23                        | 1,038        | 1,044,152    |
|   |              | 8,408,197    |
| <b>Construction Materials 0.9%</b>  |              |              |
| Core & Main LP, 2017 Term Loan B, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.57%, 08/01/24                             | 229          | 229,808      |
| Filtration Group Corp., 1st Lien Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.98%, 11/21/20                   | 4,348        | 4,388,321    |
| GYP Holdings III Corp., 2017 Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.77%, 04/01/23                     | 2,293        | 2,304,826    |
|   |              | 6,922,955    |
| <b>Containers &amp; Packaging 1.2%</b>  |              |              |
| Berlin Packaging LLC, 2017 Term Loan B, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.89%, 10/01/21                       | 99           | 98,842       |
| Berry Global, Inc., Term Loan Q, (1 mo. LIBOR + 2.00%), 3.62%, 10/01/22   | 3,728        | 3,739,309    |
| BWAY Holding Co., 2017 Term Loan B, (3 mo. LIBOR + 3.25%), 4.96%, 04/03/24  | 2,955        | 2,966,232    |
| Flex Acquisition Co., Inc., 1st Lien Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.69%, 12/29/23               | 1,141        | 1,146,374    |
| Plastipak Holdings, Inc., Term Loan B, (3 mo. LIBOR + 2.75%), 4.45%, 10/14/24                                     | 863          | 867,583      |
|   |              | 8,818,340    |
| <b>Distributors 0.6%</b>  |              |              |

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|  |     |              |    |              |
|--|-----|--------------|----|--------------|
| American Builders & Contractors Supply Co., Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 10/31/23                       |     | 2,304        |    | 2,316,160    |
| American Tire Distributors Holdings, Inc., 2015 Term Loan, (1 mo. LIBOR + 4.25%, 1.00% Floor), 5.90%, 09/01/21                   |     | 292          |    | 295,155      |
| TriMark USA LLC:   |     |              |    |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.50%), 5.15%, 08/28/24  |     | 1,786        |    | 1,795,786    |
|  |     | <i>Par</i>   |    |              |
|  |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Distributors (continued)</b>  |     |              |    |              |
| TriMark USA LLC (continued):   |     |              |    |              |
| Delayed Draw Term Loan, 08/28/24 <sup>(1)</sup>  | USD | 83           | \$ | 83,336       |
|  |     |              |    | 4,490,437    |
| <b>Diversified Consumer Services 2.9%</b>  |     |              |    |              |
| Ascend Learning LLC, 2017 Term Loan B, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.65%, 07/12/24                                       |     | 823          |    | 825,678      |
| Bright Horizons Family Solutions, Inc., 2017 Term Loan B, (PRIME + 1.25%), 3.65%, 11/07/23                                       |     | 2,971        |    | 2,989,428    |
| Equian LLC, Add on Term Loan B, (3 mo. LIBOR + 3.25%), 5.15%, 05/17/24   |     | 2,340        |    | 2,350,029    |
| J.D. Power and Associates, 1st Lien Term Loan, (3 mo. LIBOR + 4.25%, 1.00% Floor), 5.94%, 09/07/23                               |     | 1,970        |    | 1,982,338    |
| Nomad Foods Europe Midco Ltd.:   |     |              |    |              |
| 2017 Delayed Draw Term Loan B6, (3 mo. LIBOR + 2.25%), 3.86%, 05/15/24   |     | 93           |    | 93,596       |
| 2017 Term Loan B4, (1 mo. LIBOR + 2.25%), 3.84%, 05/15/24  |     | 1,323        |    | 1,326,337    |
| Serta Simmons Bedding LLC:   |     |              |    |              |
| 1st Lien Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.22%, 11/08/23  |     | 2,745        |    | 2,645,689    |
| 2nd Lien Term Loan, (1 mo. LIBOR + 8.00%, 1.00% Floor), 9.58%, 11/08/24  |     | 862          |    | 782,108      |
| ServiceMaster Co., 2016 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 11/08/23  |     | 4,831        |    | 4,852,940    |
| Spin Holdco, Inc., 2017 Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor), 5.08%, 11/14/22   |     | 1,832        |    | 1,841,806    |
| Weight Watchers International, Inc., 2017 Term Loan B, (1 mo. LIBOR + 4.75%), 6.43%, 11/29/24                                    |     | 1,830        |    | 1,850,668    |
|  |     |              |    | 21,540,617   |
| <b>Diversified Financial Services 0.9%</b>   |     |              |    |              |
| AlixPartners LLP, 2017 Term Loan B, (3 mo. LIBOR + 2.75% 1.00% Floor), 4.44%, 04/04/24   |     | 1,449        |    | 1,456,904    |
| Clipper Acquisitions Corp., 2017 Term Loan B, (2 mo. LIBOR + 2.00%, 1.00% Floor), 3.62%, 12/11/24 <sup>(a)</sup>                 |     | 625          |    | 627,344      |
| CVS Holdings I LP, 2018 1st Lien Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.79%, 02/06/25 <sup>(a)</sup>                   |     | 975          |    | 971,344      |
| Endo Luxembourg Finance Company I Sarl, 2017 Term Loan B, (1 mo. LIBOR + 4.25%), 5.94%, 04/29/24                                 |     | 720          |    | 718,283      |
| Kingpin Intermediate Holdings LLC, 2017 1st Lien Term Loan B, (3 mo. LIBOR + 4.25%, 1.00% Floor), 5.73%, 06/28/24 <sup>(a)</sup> |     | 1,533        |    | 1,557,200    |
| Oryx Southern Delaware Holdings LLC, Term Loan, 02/09/25 <sup>(a)(1)</sup>   |     | 1,105        |    | 1,099,475    |
|  |     |              |    | 6,430,550    |
| <b>Diversified Telecommunication Services 5.2%</b>   |     |              |    |              |
| CenturyLink, Inc.:   |     |              |    |              |
| 2017 Term Loan A, (1 mo. LIBOR + 2.75%), 4.40%, 11/01/22   |     | 4,650        |    | 4,633,725    |

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|  |        |            |
|--|--------|------------|
| 2017 Term Loan B, (1 mo. LIBOR + 2.75%), 4.40%, 01/31/25<br>Frontier Communications Corp.: | 12,880 | 12,651,380 |
| 2017 Term Loan B1, (1 mo. LIBOR + 3.75%), 5.40%, 06/15/24                                  | 56     | 54,848     |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   |     | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|---|-----|----------------------------|--------------|
| <b>Diversified Telecommunication Services (continued)</b>   |     |                            |              |
| Frontier Communications Corp. (continued):  |     |                            |              |
| Delayed Draw Term Loan A, (1 mo. LIBOR + 2.75%), 4.40%, 03/31/21 <sup>(a)</sup>   | USD | 1,351                      | \$ 1,336,237 |
| Hargray Communications Group, Inc., 2017 Term Loan B, 05/16/24 <sup>(1)</sup>   |     | 1,075                      | 1,076,881    |
| Level 3 Financing, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.25%), 3.85%,<br>02/22/24                                    |     | 8,075                      | 8,087,355    |
| MTN Infrastructure TopCo, Inc:  |     |                            |              |
| 1st Lien Term Loan B, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 11/15/24   |     | 397                        | 399,664      |
| MTN Topco Term Loan, 11/17/24 <sup>(1)</sup>  |     | 373                        | 374,083      |
| Sprint Communications, Inc., 1st Lien Term Loan B, (1 mo. LIBOR + 2.50%),<br>4.19%, 02/02/24                            |     | 1,976                      | 1,977,225    |
| Telenet Financing USD LLC, Term Loan AL, (1 mo. LIBOR + 2.50%), 4.09%,<br>03/01/26                                      |     | 4,380                      | 4,392,615    |
| Telesat Canada, Term Loan B4, (3 mo. LIBOR + 3.00%), 4.70%, 11/17/23  |     | 1,333                      | 1,338,718    |
| Virgin Media Investment Holdings Ltd., GBP Term Loan L, (LIBOR - GBP +<br>3.25%), 3.75%, 01/15/27                       | GBP | 1,400                      | 1,929,788    |
|   |     |                            | 38,252,519   |
| <b>Electric Utilities 1.5%</b>  |     |                            |              |
| Energy Future Intermediate Holding Co. LLC, 2017 DIP Term Loan, (1 Week<br>LIBOR + 3.00%, 1.00% Floor), 4.47%, 06/30/18 | USD | 10,985                     | 10,983,682   |
| Texas Competitive Electric Holdings Co. LLC/TCEH Finance, Inc., Term Loan,<br>11/10/18 <sup>(a)(b)</sup>                |     | 2,375                      |              |
|   |     |                            | 10,983,682   |
| <b>Electrical Equipment 0.7%</b>  |     |                            |              |
| EXC Holdings III Corp., 2017 1st Lien Term Loan, (6 mo. LIBOR + 3.50%, 1.00%<br>Floor), 5.16%, 12/02/24                 |     | 875                        | 881,834      |
| Gates Global LLC, 2017 Repriced Term Loan B, (3 mo. LIBOR + 2.75%, 1.00%<br>Floor), 4.44%, 04/01/24                     |     | 3,718                      | 3,741,108    |
| Generac Power Systems, Inc., 2017 1st Lien Term Loan B, (3 mo. LIBOR + 2.00%),<br>3.69%, 05/31/23                       |     | 745                        | 747,050      |
|   |     |                            | 5,369,992    |
| <b>Energy Equipment &amp; Services 0.8%</b>   |     |                            |              |
| Gavilan Resources LLC, 2nd Lien Term Loan, (1 mo. LIBOR + 6.00%, 1.00%<br>Floor), 7.59%, 03/01/24                       |     | 1,500                      | 1,504,995    |
| GrafTech Finance, Inc., 2018 Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor),<br>5.08%, 02/12/25 <sup>(a)</sup>         |     | 1,690                      | 1,687,887    |
| Ocean Rig UDW Inc., Term Loan, 8.00%, 09/20/24  |     | 181                        | 187,269      |
| Pioneer Energy Services Corp., Term Loan, (1 mo. LIBOR + 7.75%, 1.00% Floor),<br>9.33%, 11/08/22                        |     | 770                        | 799,838      |
|   |     | 897                        | 776,487      |

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|  |     |              |              |
|--|-----|--------------|--------------|
| Sadrill Partners Finco LLC, Term Loan B, (3 mo. LIBOR + 6.00%, 1.00% Floor),<br>7.69%, 02/21/21            |     |              |              |
| Weatherford International Ltd., Term Loan, (1 mo. LIBOR + 2.30%), 3.95%,<br>07/13/20                       |     | 712          | 703,159      |
|  |     |              | 5,659,635    |
| <b>Food &amp; Staples Retailing 1.2%</b>   |     |              |              |
| Albertsons LLC, 2017 Term Loan B4, (1 mo. LIBOR + 2.75%), 4.40%, 08/25/21                                  |     | 755          | 744,608      |
|  |     | <i>Par</i>   |              |
|  |     | <i>(000)</i> | <i>Value</i> |
| <b>Food &amp; Staples Retailing (continued)</b>  |     |              |              |
| BJ's Wholesale Club, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.50%, 1.00%<br>Floor), 5.08%, 02/03/24 | USD | 2,148        | \$ 2,142,127 |
| Hostess Brands LLC, 2017 Repriced Term Loan, (1 mo. LIBOR + 2.25%), 3.90%,<br>08/03/22                     |     | 2,803        | 2,811,043    |
| US Foods, Inc., 2016 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 06/27/23                                   |     | 2,988        | 3,009,345    |
|  |     |              | 8,707,123    |
| <b>Food Products 1.5%</b>  |     |              |              |
| Chobani LLC, 2017 Term Loan B, (1 mo. LIBOR + 3.50%, 1.00% Floor), 5.15%,<br>10/10/23                      |     | 1,427        | 1,435,866    |
| Dole Food Co., Inc., 2017 Term Loan B, (3 mo. LIBOR + 2.75%, 1.00% Floor),<br>4.36%, 04/06/24              |     | 770          | 773,000      |
| JBS USA LLC, 2017 Term Loan B, (3 mo. LIBOR + 2.50%), 4.10%, 10/30/22                                      |     | 1,955        | 1,945,449    |
| Pinnacle Foods Finance LLC, 2017 Term Loan B, (1 mo. LIBOR + 2.00%), 3.58%,<br>02/02/24                    |     | 2,544        | 2,558,752    |
| Reddy Ice Corp.:   |     |              |              |
| 1st Lien Term Loan, (PRIME + 4.50%), 7.26%, 05/01/19 <sup>(a)</sup>  |     | 1,777        | 1,777,481    |
| 2nd Lien Term Loan, (3 mo. LIBOR + 9.50%), 11.20%, 11/01/19  |     | 724          | 680,560      |
| Reynolds Group Holdings, Inc., 2017 Term Loan, (1 mo. LIBOR + 2.75%), 4.40%,<br>02/05/23                   |     | 2,184        | 2,193,122    |
|  |     |              | 11,364,230   |
| <b>Health Care Equipment &amp; Supplies 2.6%</b>   |     |              |              |
| Avantor, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 4.00%, 1.00% Floor),<br>5.65%, 11/21/24             |     | 2,678        | 2,703,655    |
| Cotiviti Corp., Term Loan B, (3 mo. LIBOR + 2.25%), 3.95%, 09/28/23  |     | 2,277        | 2,287,051    |
| CryoLife, Inc., Term Loan B, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.69%,<br>11/14/24 <sup>(a)</sup>         |     | 1,745        | 1,762,450    |
| DJO Finance LLC, 2015 Term Loan,<br>(3 mo. LIBOR + 3.25%, 1.00% Floor), 4.92%, 06/08/20                    |     | 5,792        | 5,735,206    |
| Immucor, Inc., Extended Term Loan B,<br>(2 mo. LIBOR + 5.00%, 1.00% Floor), 6.65%, 06/15/21                |     | 3,385        | 3,444,169    |
| Ortho-Clinical Diagnostics SA, Term Loan B, (3 mo. LIBOR + 3.75%, 1.00% Floor),<br>5.44%, 06/30/21         |     | 3,034        | 3,057,322    |
|  |     |              | 18,989,853   |
| <b>Health Care Providers &amp; Services 4.1%</b>   |     |              |              |
| Air Medical Group Holdings, Inc.:  |     |              |              |
| 2017 Term Loan B2, 09/07/24 <sup>(l)</sup>   |     | 1,347        | 1,360,807    |
| Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor), 4.94%, 04/28/22   |     | 618          | 620,902      |

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|   |       |           |
|---|-------|-----------|
| CHG Healthcare Services Inc., 2017 1st Lien Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.77%, 06/07/23      | 2,327 | 2,348,832 |
| Community Health Systems, Inc., Term Loan G, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.73%, 12/31/19                  | 927   | 918,576   |
| Concentra Inc., 2018 1st Lien Term Loan, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.53%, 06/01/22                      | 1,780 | 1,791,125 |
| Curo Health Services Holdings, Inc., 2015 1st Lien Term Loan, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.81%, 02/07/22 | 877   | 874,141   |

SCHEDULE OF INVESTMENTS

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|   | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|---|----------------------------|--------------|
| <b>Health Care Providers &amp; Services (continued)</b>   |                            |              |
| DaVita HealthCare Partners, Inc., Term Loan B, (1 mo. LIBOR + 2.75%),<br>4.40%, 06/24/21                    | USD 6,765                  | \$ 6,808,011 |
| Diplomat Pharmacy, Inc., 2017 Term Loan B, (1 mo. LIBOR + 4.50%, 1.00% Floor),<br>6.10%, 12/12/24           | 818                        | 823,553      |
| DuPage Medical Group, Ltd.:   |                            |              |
| 2018 Term Loan, (1 mo. LIBOR + 2.75%), 4.35%, 08/15/24  | 1,183                      | 1,180,934    |
| 2nd Lien Term Loan, (1 mo. LIBOR + 7.00%), 8.59%, 08/15/25  | 540                        | 541,350      |
| Envision Healthcare Corp., 2016 Term Loan B, (1 mo. LIBOR + 3.00%),<br>4.65%, 12/01/23                      | 5,486                      | 5,497,469    |
| MPH Acquisition Holdings LLC, 2016 Term Loan B, (3 mo. LIBOR + 3.00%, 1.00%<br>Floor), 4.69%, 06/07/23      | 2,091                      | 2,100,367    |
| National Mentor Holdings, Inc., Term Loan B, (3 mo. LIBOR + 3.00%),<br>4.69%, 01/31/21                      | 664                        | 668,202      |
| nThrive, Inc., 2016 1st Lien Term Loan, (1 mo. LIBOR + 4.50%, 1.00% Floor),<br>6.15%, 10/20/22              | 1,313                      | 1,315,527    |
| NVA Holdings, Inc., Term Loan B3,<br>(3 mo. LIBOR + 2.75%, 1.00% Floor), 4.41%, 02/02/25                    | 1,129                      | 1,128,463    |
| Team Health Holdings, Inc., 1st Lien Term Loan, (1 mo. LIBOR + 2.75%, 1.00%<br>Floor), 4.40%, 02/06/24      | 1,254                      | 1,219,132    |
| Vizient, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.75%, 1.00% Floor),<br>4.40%, 02/13/23                     | 475                        | 478,265      |
| WP CityMD Bidco LLC, 1st Lien Term Loan, (3 mo. LIBOR + 4.00%, 1.00% Floor),<br>5.69%, 06/07/24             | 868                        | 869,995      |
|   |                            | 30,545,651   |
| <b>Health Care Technology 0.8%</b>  |                            |              |
| Change Healthcare Holdings, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.75%,<br>1.00% Floor), 4.40%, 03/01/24  | 2,587                      | 2,591,286    |
| Press Ganey Holdings, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.00%,<br>1.00% Floor), 4.65%, 10/21/23 | 1,385                      | 1,393,705    |
| Quintiles IMS, Inc., 2017 Term Loan B, (3 mo. LIBOR + 2.00%), 3.69%, 03/07/24                               | 1,820                      | 1,832,266    |
|   |                            | 5,817,257    |
| <b>Hotels, Restaurants &amp; Leisure 4.1%</b>   |                            |              |
| Amaya Holdings BV:  |                            |              |
| 2nd Lien Term Loan, (3 mo. LIBOR + 7.00%, 1.00% Floor), 8.69%, 08/01/22                                     | 995                        | 998,608      |
| Repriced Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 08/01/21                                   | 3,286                      | 3,306,928    |
| Aristocrat Leisure Ltd., 2017 Incremental Term Loan, (3 mo. LIBOR + 2.00%),<br>3.74%, 10/19/24              | 1,330                      | 1,335,466    |
| Boyd Gaming Corp., Term Loan B3, (1 Week LIBOR + 2.50%), 3.97%, 09/15/23                                    | 1,061                      | 1,066,237    |
| Bronco Midstream Funding LLC, Term Loan B, (3 mo. LIBOR + 4.00%, 1.00%<br>Floor), 5.87%, 08/15/20           | 1,446                      | 1,459,879    |



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|  |     |              |    |              |
|--|-----|--------------|----|--------------|
| Burger King Newco Unlimited Liability Co., Term Loan B3, (1 mo. LIBOR + 2.25%, 1.00% Floor), 3.92%, 02/16/24 |     | 4,126        |    | 4,130,801    |
|  |     | <i>Par</i>   |    |              |
|  |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Hotels, Restaurants &amp; Leisure (continued)</b>   |     |              |    |              |
| Caesars Resort Collection LLC, 2017 1st Lien Term Loan B, (1 mo. LIBOR + 2.75%), 4.40%, 12/22/24             | USD | 2,346        | \$ | 2,360,579    |
| CCM Merger, Inc., Term Loan B, (1 mo. LIBOR + 2.75%), 4.40%, 08/08/21  |     | 818          |    | 823,757      |
| CEC Entertainment, Inc., Term Loan B, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 02/14/21                    |     | 701          |    | 677,510      |
| Cineworld Ltd., 2018 Term Loan, 02/18/25 <sup>(1)</sup>  |     | 2,080        |    | 2,076,880    |
| Cyan Blue Holdco 3 Ltd., 2017 Term Loan B, (3 mo. LIBOR + 3.25%), 4.94%, 08/23/24                            |     | 1,506        |    | 1,508,891    |
| ESH Hospitality, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.25%), 3.90%, 08/30/23                              |     | 1,760        |    | 1,768,796    |
| Four Seasons Hotels Ltd., 1st Lien Term Loan, (1 mo. LIBOR + 2.50%), 4.15%, 11/30/23                         |     | 213          |    | 214,180      |
| Hilton Worldwide Finance LLC, Term Loan B2, (1 mo. LIBOR + 2.00%), 3.62%, 10/25/23                           |     | 851          |    | 855,136      |
| IRB Holding Corp., 1st Lien Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.83%, 02/05/25                   |     | 1,507        |    | 1,521,059    |
| La Quinta Intermediate Holdings LLC, Term Loan B, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.47%, 04/14/21        |     | 449          |    | 451,191      |
| Lakeland Tours LLC, 2017 1st Lien Term Loan B, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.59%, 12/15/24           |     | 965          |    | 975,217      |
| Playa Resorts Holding BV, 2017 Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor), 5.00%, 04/29/24              |     | 1,494        |    | 1,502,917    |
| Scientific Games International, Inc., 2018 Term Loan B5, (3 mo. LIBOR + 2.75%), 4.45%, 08/14/24              |     | 1,519        |    | 1,525,541    |
| Station Casinos LLC, 2016 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 06/08/23                                |     | 1,137        |    | 1,138,038    |
| Yum! Brands, Inc., 1st Lien Term Loan B, (1 mo. LIBOR + 2.00%), 3.59%, 06/16/23                              |     | 899          |    | 902,964      |
|  |     |              |    | 30,600,575   |
| <b>Household Products 0.3%</b>   |     |              |    |              |
| Diamond (BC) BV, Term Loan, (2 mo. LIBOR + 3.00%), 4.65%, 09/06/24   |     | 215          |    | 214,462      |
| Spectrum Brands, Inc., 2017 Term Loan B, (2 mo. LIBOR + 2.00%), 3.74%, 06/23/22                              |     | 1,750        |    | 1,755,428    |
|  |     |              |    | 1,969,890    |
| <b>Independent Power and Renewable Electricity Producers 1.7%</b>  |     |              |    |              |
| AES Corp., 2017 Term Loan B, (3 mo. LIBOR + 2.00%), 3.94%, 05/24/22  |     | 1,464        |    | 1,464,670    |
| Calpine Construction Finance Co. LP, 2017 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 01/15/25                |     | 505          |    | 505,659      |
| Calpine Corp., Term Loan B6, (3 mo. LIBOR + 2.50%, 1.00% Floor), 4.20%, 01/15/23                             |     | 1,156        |    | 1,161,315    |
| Compass Power Generation LLC, 2017 Term Loan B, (3 mo. LIBOR + 3.75%, 1.00% Floor), 5.39%, 12/20/24          |     | 1,150        |    | 1,159,350    |
| Dynegy, Inc., 2017 Term Loan C2, (1 mo. LIBOR + 2.75%, 1.00% Floor), 4.35%, 02/07/24                         |     | 2,304        |    | 2,317,211    |
| Granite Acquisition, Inc.:   |     |              |    |              |
| Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 12/19/21   |     | 1,659        |    | 1,676,631    |
| Term Loan C, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 12/19/21   |     | 275          |    | 278,136      |



Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par<br/>(000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| <b>Independent Power and Renewable Electricity Producers (continued)</b>   |                      |              |
| Nautilus Power LLC, Term Loan B, (1 mo. LIBOR + 4.25%, 1.00% Floor),<br>5.90%, 05/16/24  | USD 2,490            | \$ 2,524,694 |
| Terra-Gen Finance Co. LLC, Term Loan B, (1 mo. LIBOR + 4.25%, 1.00% Floor),<br>5.90%, 12/09/21 <sup>(a)</sup>                    | 1,526                | 1,380,983    |
|  |                      | 12,468,649   |
| <b>Industrial Conglomerates 0.8%</b>   |                      |              |
| Cortes NP Acquisition Corp., 2017 Term Loan B, (1 mo. LIBOR + 4.00%, 1.00%<br>Floor), 5.58%, 11/30/23                            | 4,243                | 4,263,788    |
| Sequa Mezzanine Holdings LLC, 1st Lien Term Loan, (3 mo. LIBOR + 5.00%,<br>1.00% Floor), 6.55%, 11/28/21                         | 1,572                | 1,590,724    |
|  |                      | 5,854,512    |
| <b>Insurance 1.9%</b>  |                      |              |
| Alliant Holdings I, Inc., 2015 Term Loan B, (1 mo. LIBOR + 3.25%, 1.00% Floor),<br>4.90%, 08/12/22                               | 2,293                | 2,302,538    |
| AmWINS Group, Inc.:  |                      |              |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 6.75%, 1.00% Floor), 8.40%, 01/25/25   | 1,122                | 1,129,944    |
| 2017 Term Loan B, (1 mo. LIBOR + 2.75%, 1.00% Floor), 4.38%, 01/25/24  | 911                  | 915,354      |
| AssuredPartners, Inc., 2017 1st Lien Add-On Term Loan, (1 mo. LIBOR + 3.50%),<br>5.15%, 10/22/24                                 | 1,346                | 1,353,657    |
| Davis Vision Inc., 1st Lien Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor),<br>4.49%, 12/02/24                                  | 690                  | 686,550      |
| Hub International Ltd., Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.84%,<br>10/02/20                                      | 1,061                | 1,064,505    |
| Sedgwick Claims Management Services, Inc.:   |                      |              |
| 1st Lien Term Loan, (1 mo. LIBOR + 2.75%, 1.00% Floor), 4.40%, 03/01/21  | 2,980                | 2,977,898    |
| 2nd Lien Term Loan, (1 mo. LIBOR + 5.75%, 1.00% Floor), 7.40%, 02/28/22  | 2,360                | 2,370,337    |
| Stratose Intermediate Holdings II LLC, 1st Lien Term Loan, (1 mo. LIBOR + 3.25%,<br>1.00% Floor), 4.90%, 06/22/23 <sup>(a)</sup> | 1,126                | 1,132,032    |
|  |                      | 13,932,815   |
| <b>Internet &amp; Direct Marketing Retail 0.2%</b>   |                      |              |
| Harbor Freight Tools USA, Inc., 2018 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%,<br>08/18/23                                      | 1,495                | 1,497,127    |
| <b>Internet Software &amp; Services 1.2%</b>   |                      |              |
| Go Daddy Operating Company LLC, 2017 Repriced Term Loan, (1 mo. LIBOR +<br>2.25%), 3.90%, 02/15/24                               | 2,617                | 2,621,920    |
| Inmar Holdings, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.50%, 1.00%<br>Floor), 5.15%, 05/01/24                            | 803                  | 806,243      |
| Intralinks, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 4.00%), 5.70%, 11/11/24   | 1,060                | 1,061,770    |

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|   |              |              |
|---|--------------|--------------|
| Rackspace Hosting, Inc., 2017 Incremental 1st Lien Term Loan, (2 mo. LIBOR + 3.00%, 1.00% Floor), 4.79%, 11/03/23     | 3,116        | 3,123,760    |
| TierPoint LLC, 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.75%, 1.00% Floor), 5.40%, 05/06/24                           | 1,460        | 1,460,615    |
|   |              | 9,074,308    |
|   | <i>Par</i>   |              |
|   | <i>(000)</i> | <i>Value</i> |
| <b>IT Services 4.8%</b>   |              |              |
| Access CIG LLC <sup>(1)</sup> :   |              |              |
| 2018 1st Lien Term Loan, 02/15/25   | USD 457      | \$ 460,041   |
| 2018 2nd Lien Delayed Draw Term Loan, 02/27/26  | 34           | 34,313       |
| 2018 2nd Lien Term Loan, 02/02/26   | 183          | 183,868      |
| 2018 Delayed Draw Term Loan, 02/27/25   | 95           | 96,052       |
| Altran Technologies SA, 1st Lien Term Loan, 01/17/25 <sup>(1)</sup>   | 630          | 633,938      |
| First Data Corp., 2024 Term Loan, (1 mo. LIBOR + 2.25%), 3.87%, 04/26/24  | 11,176       | 11,194,489   |
| Optiv Security, Inc.:   |              |              |
| 1st Lien Term Loan, (3 mo. LIBOR + 3.25%, 1.00% Floor), 4.88%, 02/01/24   | 3,332        | 3,169,382    |
| 2nd Lien Term Loan, (3 mo. LIBOR + 7.25%, 1.00% Floor), 8.88%, 02/01/25 <sup>(a)</sup>                                | 1,000        | 927,500      |
| Peak 10 Holding Corp.:  |              |              |
| 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 08/01/24  | 439          | 439,778      |
| 2nd Lien Term Loan, (3 mo. LIBOR + 7.25%, 1.00% Floor), 9.02%, 08/01/25   | 1,556        | 1,561,446    |
| Sabre Global Inc., Incremental Term Loan B, (1 mo. LIBOR + 2.25%, 1.00% Floor), 3.90%, 02/22/24                       | 1,220        | 1,223,542    |
| TKC Holdings, Inc.:   |              |              |
| 2017 1st Lien Term Loan, (2 mo. LIBOR + 4.25%, 1.00% Floor), 6.03%, 02/01/23  | 1,957        | 1,977,546    |
| 2017 2nd Lien Term Loan, (3 mo. LIBOR + 8.00%, 1.00% Floor), 9.78%, 02/01/24  | 1,504        | 1,513,024    |
| Trans Union LLC, Term Loan B3, (1 mo. LIBOR + 2.00%), 3.65%, 04/10/23   | 5,506        | 5,521,531    |
| Vantiv LLC, 2017 Term Loan B, (1 mo. LIBOR + 2.00%), 3.59%, 10/14/23  | 790          | 794,349      |
| VF Holding Corp., Reprice Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 06/30/23                              | 2,183        | 2,201,721    |
| WEX, Inc., 2017 Term Loan B2, (3 mo. LIBOR + 2.25%), 3.90%, 06/30/23  | 3,288        | 3,308,424    |
|   |              | 35,240,944   |
| <b>Leisure Products 0.1%</b>  |              |              |
| MND Holdings III Corp., 2017 1st Lien Term Loan B, (3 mo. LIBOR + 3.75%, 1.00% Floor), 5.44%, 06/19/24 <sup>(a)</sup> | 806          | 816,024      |
| <b>Life Sciences Tools &amp; Services 0.2%</b>  |              |              |
| Albany Molecular Research, Inc.:  |              |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 08/30/24  | 297          | 298,013      |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 7.00%, 1.00% Floor), 8.65%, 08/30/25  | 75           | 75,047       |
| Parexel International Corp., Term Loan B, (1 mo. LIBOR + 2.75%), 4.40%, 09/27/24                                      | 743          | 742,122      |
|   |              | 1,115,182    |
| <b>Machinery 1.1%</b>   |              |              |
| Clark Equipment Co., 2017 Term Loan B, (3 mo. LIBOR + 2.50%), 4.19%, 05/18/24   | 1,029        | 1,030,046    |
| Faenza Acquisition GmbH(a):   |              |              |
| Term Loan B1, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.73%, 08/30/20   | 532          | 530,134      |
| Term Loan B3, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.73%, 08/30/20   | 163          | 162,478      |

|  |       |           |
|--|-------|-----------|
| Gardner Denver, Inc., 2017 Term Loan B, (3 mo. LIBOR + 2.75%), 4.44%, 07/30/24 | 1,389 | 1,393,217 |
|--|-------|-----------|

SCHEDULE OF INVESTMENTS

23

## Schedule of Investments (continued)

## BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par</i>   |    | <i>Value</i> |
|--|--------------|----|--------------|
|  | <i>(000)</i> |    |              |
| <b>Machinery (continued)</b>   |              |    |              |
| Hayward Industries, Inc., 1st Lien Term Loan, (1 mo. LIBOR + 3.50%), 5.15%,<br>08/05/24                            | USD 903      | \$ | 906,579      |
| Mueller Water Products, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.50%), 4.16%,<br>11/25/21 <sup>(a)</sup>           | 553          |    | 557,162      |
| Rexnord LLC, 2017 Term Loan B, (3 mo. LIBOR + 2.25%), 3.85%, 08/21/24  | 659          |    | 662,891      |
| Signode Industrial Group US, Inc., Term Loan B, (3 mo. LIBOR + 2.75%, 1.00%<br>Floor), 4.42%, 05/04/21             | 786          |    | 784,625      |
| Tecomet, Inc., 2017 Repriced Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor),<br>5.28%, 05/01/24                     | 1,853        |    | 1,867,222    |
|  |              |    | 7,894,354    |
| <b>Media 6.4%</b>  |              |    |              |
| Altice Financing SA:   |              |    |              |
| 2017 1st Lien Term Loan, (3 mo. LIBOR + 2.75%), 4.47%, 01/31/26  | 2,381        |    | 2,346,814    |
| 2017 Term Loan B, (3 mo. LIBOR + 2.75%), 4.47%, 07/15/25   | 260          |    | 255,895      |
| Altice US Finance I Corp., 2017 Term Loan, (1 mo. LIBOR + 2.25%), 3.90%,<br>07/28/25                               | 4,762        |    | 4,754,330    |
| CBS Radio, Inc., 2017 Term Loan B, (PRIME + 1.75%), 4.62%, 11/17/24  | 1,137        |    | 1,141,649    |
| Charter Communications Operating LLC:  |              |    |              |
| 2017 Term Loan A2, 03/31/23 <sup>(l)</sup>   | 2,659        |    | 2,655,962    |
| 2017 Term Loan B, (1 mo. LIBOR + 2.00%), 3.65%, 04/30/25   | 5,015        |    | 5,024,607    |
| CSC Holdings LLC:  |              |    |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 2.25%), 3.84%, 07/17/25  | 3,756        |    | 3,745,086    |
| 2018 Term Loan B, (3 mo. LIBOR + 2.50%), 4.14%, 01/25/26   | 1,605        |    | 1,606,332    |
| DHX Media Ltd., Term Loan B, (1 mo. LIBOR + 3.75%, 1.00% Floor), 5.40%,<br>12/29/23 <sup>(a)</sup>                 | 861          |    | 861,751      |
| Getty Images, Inc., Term Loan B, (3 mo. LIBOR + 3.50%), 5.19%, 10/18/19  | 121          |    | 115,856      |
| Houghton Mifflin Harcourt Publishing Co., 2015 Term Loan B, (1 mo. LIBOR +<br>3.00%, 1.00% Floor), 4.65%, 05/31/21 | 611          |    | 573,974      |
| Intelsat Jackson Holdings SA, 2017 Term Loan B4, (3 mo. LIBOR + 4.50%, 1.00%<br>Floor), 6.46%, 01/14/24            | 1,714        |    | 1,745,639    |
| Learfield Communications LLC <sup>(a)</sup> :  |              |    |              |
| 2016 1st Lien Term Loan, (1 mo. LIBOR + 3.25%, 1.00% Floor), 4.90%, 12/01/23                                       | 186          |    | 187,927      |
| 2017 1st Lien Term Loan, 12/01/23 <sup>(l)</sup>   | 1,354        |    | 1,367,472    |
| Live Nation Entertainment, Inc., Term Loan B3, (1 mo. LIBOR + 2.25%), 3.94%,<br>10/31/23                           | 599          |    | 602,251      |
| Mission Broadcasting, Inc., 2017 Term Loan B2, (1 mo. LIBOR + 2.50%),<br>4.07%, 01/17/24                           | 119          |    | 119,427      |
| Nexstar Broadcasting, Inc., 2017 Term Loan B2, (1 mo. LIBOR + 2.50%),<br>4.07%, 01/17/24                           | 936          |    | 938,026      |
| Numericable Group SA, Term Loan B12, (3 mo. LIBOR + 3.00%), 4.72%, 01/31/26  | 1,179        |    | 1,131,883    |
| PSAV Holdings LLC, 2018 1st Lien Term Loan, 02/21/25 <sup>(l)</sup>  | 900          |    | 902,250      |

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|  |            |              |
|--|------------|--------------|
| Radiate Holdco LLC, 1st Lien Term Loan, (3 mo. LIBOR + 3.00%), 4.65%, 02/01/24   | 938        | 936,205      |
| SBA Senior Finance II LLC, Term Loan B1, (1 mo. LIBOR + 2.25%), 3.90%, 03/24/21  | 1,906      | 1,913,022    |
| Sinclair Television Group Inc., 2017 Term Loan B, 12/12/24 <sup>(1)</sup>  | 1,132      | 1,133,415    |
|  | <i>Par</i> | <i>Value</i> |
|  | (000)      |              |
| <b>Media (continued)</b>   |            |              |
| Trader Corp., 2017 Term Loan B, (OR + 3.00%, 1.00% Floor), 4.69%, 09/28/23   | USD 985    | \$ 984,026   |
| Tribune Media Co., Term Loan C, (1 mo. LIBOR + 3.00%), 4.65%, 01/27/24   | 3,113      | 3,114,243    |
| Unitymedia Finance LLC, Term Loan B, (1 mo. LIBOR + 2.25%), 3.84%, 09/30/25  | 2,800      | 2,794,764    |
| Virgin Media Bristol LLC, 2017 Term Loan, (1 mo. LIBOR + 2.50%),<br>4.09%, 01/15/26  | 5,346      | 5,363,054    |
| Ziggo Secured Finance Partnership, Term Loan E, (1 mo. LIBOR + 2.50%),<br>4.09%, 04/15/25                                    | 1,295      | 1,282,620    |
|  |            | 47,598,480   |
| <b>Metals &amp; Mining 0.2%</b>  |            |              |
| AMG Advanced Metallurgical Group NV, 2018 Term Loan B, 01/29/25 <sup>(1)</sup>   | 1,140      | 1,146,418    |
| WireCo WorldGroup, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 5.50%, 1.00%<br>Floor), 7.48%, 09/30/23                          | 509        | 513,435      |
|  |            | 1,659,853    |
| <b>Multiline Retail 0.3%</b>   |            |              |
| Eyemart Express LLC, 2017 Term Loan B, (1 mo. LIBOR + 3.00%, 1.00% Floor),<br>4.63%, 08/04/24                                | 933        | 934,995      |
| Hudson's Bay Co., 2015 Term Loan B, (1 mo. LIBOR + 3.25%, 1.00% Floor),<br>4.90%, 09/30/22                                   | 882        | 849,395      |
| Neiman Marcus Group, Inc., 2020 Term Loan, (1 mo. LIBOR + 3.25% 1.00% Floor),<br>4.83%, 10/25/20                             | 499        | 421,993      |
|  |            | 2,206,383    |
| <b>Oil, Gas &amp; Consumable Fuels 3.4%</b>  |            |              |
| BCP Raptor LLC, Term Loan B, (2 mo. LIBOR + 4.25%, 1.00% Floor),<br>6.04%, 06/24/24  | 1,741      | 1,753,439    |
| BCP Renaissance Parent LLC, 2017 Term Loan B, (3 mo. LIBOR + 4.00%, 1.00%<br>Floor), 5.77%, 10/31/24                         | 1,477      | 1,489,097    |
| California Resources Corp.:  |            |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 4.75%), 6.34%, 12/31/22  | 1,922      | 1,943,623    |
| Second Out Term Loan, (1 mo. LIBOR + 10.37%), 11.97%, 12/31/21   | 3,145      | 3,545,987    |
| Chesapeake Energy Corp., Term Loan, (3 mo. LIBOR + 7.50%, 1.00% Floor),<br>9.44%, 08/23/21                                   | 2,457      | 2,615,705    |
| CONSOL Energy, Inc.:   |            |              |
| 1st Lien Term Loan A, (1 mo. LIBOR + 4.50%), 6.24%, 11/26/21 <sup>(a)</sup>  | 400        | 399,500      |
| 1st Lien Term Loan B, (3 mo. LIBOR + 6.00%, 1.00% Floor), 7.99%, 10/26/22  | 780        | 796,895      |
| EG Group Ltd., 2018 Term Loan B, 01/19/25 <sup>(1)</sup>   | 740        | 739,630      |
| EWT Holdings III Corp., 2017 Repriced Term Loan, (3 mo. LIBOR + 3.00%),<br>4.69%, 12/20/24                                   | 115        | 116,094      |
| Lucid Energy Group II LLC, 2018 1st Lien Term Loan, 02/17/25 <sup>(1)</sup>  | 1,580      | 1,580,995    |
| Medallion Midland Acquisition LLC, 1st Lien Term Loan, (1 mo. LIBOR + 3.25%,<br>1.00% Floor), 4.90%, 10/30/24 <sup>(a)</sup> | 1,230      | 1,233,075    |
| MEG Energy Corp., 2017 Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor),<br>5.20%, 12/31/23                                   | 3,389      | 3,388,028    |

|   |     |         |
|---|-----|---------|
| PowerTeam Services LLC, 2nd Lien Term Loan, (3 mo. LIBOR + 7.25%, 1.00% Floor), 8.94%, 11/06/20 | 200 | 200,166 |
|---|-----|---------|



Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par<br/>(000)</i> | <i>Value</i> |
|--|----------------------|--------------|
| <b>Oil, Gas &amp; Consumable Fuels (continued)</b>   |                      |              |
| Ultra Resources, Inc., 1st Lien Term Loan, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.59%, 04/12/24                     | USD 1,123            | \$ 1,117,947 |
| Veresen Midstream LP, Reprice Term Loan B, (3 mo. LIBOR + 3.00%), 4.69%, 03/31/22                                  | 1,856                | 1,866,744    |
| Vine Oil & Gas LP, Term Loan B, (1 mo. LIBOR + 6.87%, 1.00% Floor), 8.52%, 12/12/21 <sup>(a)</sup>                 | 1,148                | 1,148,000    |
| Woodford Express LLC, 2018 Term Loan B, (1 mo. LIBOR + 5.00%, 1.00% Floor), 6.65%, 01/17/25                        | 1,410                | 1,397,663    |
|  |                      | 25,332,588   |
| <b>Personal Products 0.9%</b>  |                      |              |
| Clover Merger Sub, Inc.:   |                      |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.50%. 1.00% Floor), 5.15%, 09/26/24 <sup>(a)</sup>                        | 3,641                | 3,504,342    |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 7.75%, 1.00% Floor), 9.40%, 09/26/25                                       | 1,656                | 1,556,640    |
| Prestige Brands, Inc., Term Loan B4, (1 mo. LIBOR + 2.50%), 4.15%, 01/26/24  | 1,753                | 1,762,486    |
|  |                      | 6,823,468    |
| <b>Pharmaceuticals 1.9%</b>  |                      |              |
| Akorn, Inc., Term Loan B, (1 mo. LIBOR + 4.25%), 5.94%, 04/16/21 <sup>(a)</sup>                                    | 1,349                | 1,332,543    |
| Grifols Worldwide Operations USA, Inc., 2017 Acquisition Term Loan, (1 Week LIBOR + 2.25%), 3.72%, 01/31/25        | 5,940                | 5,960,962    |
| Jaguar Holding Co. II, 2017 Term Loan, (3 mo. LIBOR + 2.75%, 1.00% Floor), 4.42%, 08/18/22                         | 4,080                | 4,089,754    |
| Valeant Pharmaceuticals International, Inc., Series F4 Term Loan B, (1 mo. LIBOR + 3.50%), 5.08%, 04/01/22         | 2,930                | 2,963,209    |
|  |                      | 14,346,468   |
| <b>Professional Services 1.0%</b>  |                      |              |
| Cast and Crew Payroll LLC, 2017 1st Lien Term Loan B, (3 mo. LIBOR + 3.00%), 4.70%, 09/27/24                       | 2,250                | 2,263,291    |
| Information Resources, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 4.25%, 1.00% Floor), 6.19%, 01/18/24               | 769                  | 773,756      |
| ON Assignment, Inc., 2018 Term Loan B, 02/20/25 <sup>(l)</sup>   | 1,057                | 1,060,805    |
| SIRVA Worldwide, Inc., 2016 Term Loan, (3 mo. LIBOR + 6.50%, 1.00% Floor), 8.15%, 11/14/22 <sup>(a)</sup>          | 1,079                | 1,084,458    |
| Sterling Infosystems, Inc., 1st Lien Term Loan, (1 mo. LIBOR + 3.50%, 1.00% Floor), 5.15%, 06/20/22 <sup>(a)</sup> | 2,226                | 2,236,749    |
|  |                      | 7,419,059    |
| <b>Real Estate Investment Trusts (REITs) 0.5%</b>  |                      |              |
| Capital Automotive LP, 2017 1st Lien Term Loan, (1 mo. LIBOR + 2.50%, 1.00% Floor), 4.15%, 03/24/24                | 573                  | 575,975      |

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|  |              |              |
|--|--------------|--------------|
| MGM Growth Properties Operating Partnership LP, 2016 Term Loan B, (1 mo. LIBOR + 2.25%), 3.90%, 04/25/23 | 3,155        | 3,167,570    |
|  |              | 3,743,545    |
| <b>Real Estate Management &amp; Development 0.8%</b>   |              |              |
| CityCenter Holdings LLC, 2017 Term Loan B, (1 mo. LIBOR + 2.50%), 4.15%, 04/18/24                        | 1,399        | 1,404,730    |
|  | <i>Par</i>   |              |
|  | <i>(000)</i> | <i>Value</i> |
| <b>Real Estate Management &amp; Development (continued)</b>  |              |              |
| DTZ US Borrower LLC, 2015 1st Lien Term Loan, (3 mo. LIBOR + 3.25%, 1.00% Floor), 5.16%, 11/04/21        | USD 757      | \$ 756,049   |
| Realogy Corp., 2018 Term Loan B, (1 mo. LIBOR + 2.25%), 3.83%, 02/08/25                                  | 2,600        | 2,611,851    |
| SMG Holdings Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.25%), 4.89%, 01/23/25                       | 905          | 911,787      |
|  |              | 5,684,417    |
| <b>Road &amp; Rail 0.2%</b>  |              |              |
| PODS LLC, Term Loan B3, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.58%, 12/06/24 <sup>(a)</sup>               | 1,352        | 1,360,060    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>   |              |              |
| Cavium, Inc., 2017 Term Loan B, (3 mo. LIBOR + 2.25%), 3.90%, 08/16/22 <sup>(a)</sup>                    | 522          | 522,814      |
| Microsemi Corp., 2017 1st Lien Term Loan B, (2 mo. LIBOR + 2.00%), 3.74%, 01/15/23                       | 369          | 370,015      |
| ON Semiconductor Corp., 2017 1st Lien Term Loan, (1 mo. LIBOR + 2.00%), 3.65%, 03/31/23                  | 326          | 327,154      |
| Versum Materials, Inc., Term Loan, (3 mo. LIBOR + 2.00%), 3.69%, 09/29/23                                | 706          | 710,179      |
|  |              | 1,930,162    |
| <b>Software 8.0%</b>   |              |              |
| Almonde, Inc.:   |              |              |
| 1st Lien Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.48%, 06/13/24                                  | 1,139        | 1,138,443    |
| 2nd Lien Term Loan, (3 mo. LIBOR + 7.25%, 1.00% Floor), 9.23%, 06/13/25                                  | 226          | 224,178      |
| Applied Systems, Inc.:   |              |              |
| 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.25%, 1.00% Floor), 4.94%, 09/19/24                             | 1,934        | 1,943,538    |
| 2017 2nd Lien Term Loan, (3 mo. LIBOR + 7.00%, 1.00% Floor), 8.69%, 09/19/25                             | 470          | 484,942      |
| Aptean, Inc., 2017 1st Lien Term Loan, (3 mo. LIBOR + 4.25%, 1.00% Floor), 5.95%, 12/20/22               | 1,107        | 1,111,706    |
| Barracuda Networks, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 3.25%, 1.00% Floor), 5.06%, 02/12/25        | 910          | 914,359      |
| BMC Software Finance, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.25%), 4.90%, 09/10/22              | 1,959        | 1,963,313    |
| Cypress Intermediate Holdings III, Inc.:   |              |              |
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.00%, 1.00% Floor), 4.65%, 04/27/24                             | 1,219        | 1,221,922    |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 6.75%, 1.00% Floor), 8.40%, 04/27/25                             | 740          | 751,470      |
| Dell, Inc., 2017 1st Lien Term Loan, (1 mo. LIBOR + 2.00%), 3.65%, 09/07/23                              | 2,998        | 2,997,065    |
| Digicel International Finance Ltd., 2017 Term Loan B, (3 mo. LIBOR + 3.25%), 5.02%, 05/28/24             | 2,045        | 2,048,290    |
| DTI Holdco, Inc., 2016 Term Loan B, (3 mo. LIBOR + 5.25%, 1.00% Floor), 7.02%, 09/30/23                  | 1,112        | 1,119,432    |
| Flexera Software LLC, 2018 1st Lien Term Loan, 01/23/25 <sup>(1)</sup>                                   | 565          | 566,237      |

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Hyland Software, Inc.:

|   |       |           |
|---|-------|-----------|
| 2017 1st Lien Term Loan, (1 mo. LIBOR + 3.25%), 4.90%, 07/01/22 | 1,267 | 1,275,945 |
| 2017 2nd Lien Term Loan, (1 mo. LIBOR + 7.00%), 8.65%, 07/07/25 | 580   | 590,875   |

SCHEDULE OF INVESTMENTS

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Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  | <i>Par</i><br><i>(000)</i> | <i>Value</i> |
|--|----------------------------|--------------|
| <b>Software (continued)</b>  |                            |              |
| Infor (US), Inc., Term Loan B6, (3 mo. LIBOR + 2.75%, 1.00% Floor),<br>4.44%, 02/01/22                             | USD 2,852                  | \$ 2,854,621 |
| Informatica Corp., 2018 Term Loan, (3 mo. LIBOR + 3.25%), 4.94%, 08/05/22  | 3,127                      | 3,142,332    |
| IQOR US, Inc., Term Loan B, (3 mo. LIBOR + 5.00%, 1.00% Floor),<br>6.69%, 04/01/21                                 | 1,507                      | 1,508,056    |
| Kronos, Inc.:  |                            |              |
| 2017 Term Loan B, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.30%, 11/01/23  | 2,589                      | 2,604,795    |
| 2nd Lien Term Loan, (3 mo. LIBOR + 8.25%, 1.00% Floor), 10.02%, 11/01/24   | 1,175                      | 1,205,350    |
| MA FinanceCo. LLC, Term Loan B3, (1 mo. LIBOR + 2.75%), 4.40%, 06/21/24  | 279                        | 279,465      |
| McAfee LLC, 2017 Term Loan B, (1 mo. LIBOR + 4.50%, 1.00% Floor),<br>6.15%, 09/30/24                               | 803                        | 806,713      |
| Mitchell International, Inc.:  |                            |              |
| 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.25%, 1.00% Floor), 4.94%, 11/29/24                                       | 3,725                      | 3,733,472    |
| 2017 2nd Lien Term Loan, (3 mo. LIBOR + 7.25%), 8.94%, 11/20/25  | 1,180                      | 1,187,080    |
| Project Alpha Intermediate Holding, Inc., 2017 Term Loan B, (3 mo. LIBOR +<br>3.50%, 1.00% Floor), 5.04%, 04/26/24 | 777                        | 765,974      |
| Project Leopard Holdings, Inc., Term Loan B, (LIBOR + 4.00%, 1.00% Floor),<br>5.78%, 07/07/23                      | 858                        | 860,801      |
| Seattle Spinco, Inc., Term Loan B3, (1 mo. LIBOR + 2.75%), 4.40%, 06/21/24   | 1,884                      | 1,887,296    |
| SolarWinds Holdings, Inc., 2017 Term Loan, (1 mo. LIBOR + 3.50%, 1.00% Floor),<br>5.15%, 02/05/23                  | 2,463                      | 2,468,782    |
| Solera LLC, Term Loan B, (1 Week LIBOR + 3.25%, 1.00% Floor), 4.90%, 03/03/23                                      | 2,306                      | 2,311,198    |
| Sophia LP, 2017 Term Loan B, (3 mo. LIBOR + 3.25%, 1.00% Floor),<br>4.94%, 09/30/22                                | 1,733                      | 1,734,996    |
| SS&C Technologies Holdings Europe Sarl, 2018 Term Loan B4, 07/08/22 <sup>(1)</sup>                                 | 1,706                      | 1,708,457    |
| SS&C Technologies, Inc.:   |                            |              |
| 2017 Term Loan B1, (1 mo. LIBOR + 2.25%), 3.90%, 07/08/22  | 1,735                      | 1,743,254    |
| 2017 Term Loan B2, (1 mo. LIBOR + 2.25%), 3.90%, 07/08/22  | 27                         | 26,870       |
| 2018 Term Loan B3, 02/28/25 <sup>(1)</sup>   | 4,782                      | 4,789,297    |
| Tempo Acquisition LLC, Term Loan, (1 mo. LIBOR + 3.00%), 4.65%, 05/01/24   | 2,801                      | 2,806,751    |
| TIBCO Software, Inc., Repriced Term Loan B, (1 mo. LIBOR + 3.50%, 1.00%<br>Floor), 5.15%, 12/04/20                 | 2,212                      | 2,216,410    |
| Veritas Bermuda Ltd., Repriced Term Loan B, (3 mo. LIBOR + 4.50%, 1.00% Floor),<br>6.19%, 01/27/23                 | 738                        | 734,144      |
|  |                            | 59,727,829   |
| <b>Specialty Retail 0.9%</b>   |                            |              |
| Academy Ltd., 2015 Term Loan B, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.55%,<br>07/01/22                             | 1,880                      | 1,498,846    |
| Belron Finance US LLC, Term Loan B, (3 mo. LIBOR + 2.50%), 4.29%, 11/07/24   | 275                        | 276,375      |
| Leslie s Poolmart, Inc., 2016 Term Loan, (1 mo. LIBOR + 3.50%, 1.00% Floor),<br>5.28%, 08/16/23                    | 425                        | 424,987      |

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|  |     |              |    |              |
|--|-----|--------------|----|--------------|
| Michaels Stores, Inc., 2016 Term Loan B1, (1 mo. LIBOR + 2.75%, 1.00% Floor), 4.38%, 01/30/23                                |     | 1,233        |    | 1,237,903    |
|  |     | <i>Par</i>   |    |              |
|  |     | <i>(000)</i> |    | <i>Value</i> |
| <b>Specialty Retail (continued)</b>  |     |              |    |              |
| National Vision, Inc., 2017 Repriced Term Loan, (1 mo. LIBOR + 2.75%), 4.40%, 11/20/24                                       | USD | 302          | \$ | 303,467      |
| Party City Holdings Inc., 2018 Term Loan B, (3 mo. LIBOR + 2.75%), 4.47%, 08/19/22   |     | 608          |    | 609,435      |
| Petco Animal Supplies, Inc., 2017 Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.77%, 01/26/23                           |     | 500          |    | 347,205      |
| Research Now Group, Inc., 2017 1st Lien Term Loan, (3 mo. LIBOR + 5.50%, 1.00% Floor), 7.13%, 12/20/24                       |     | 1,180        |    | 1,166,725    |
| Staples, Inc., 2017 Term Loan B, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.79%, 09/12/24   |     | 754          |    | 748,939      |
| Things Remembered, Inc., 2016 Term Loan, (11% PIK, 1 mo. LIBOR + 1.00%), 6.00%, 02/29/20 <sup>(a)(g)</sup>                   |     | 12           |    |              |
| TruGreen LP, 2017 Term Loan, (3 mo. LIBOR + 4.00%, 1.00% Floor), 5.54%, 04/13/23   |     | 200          |    | 201,495      |
|  |     |              |    | 6,815,377    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.4%</b>   |     |              |    |              |
| Ascend Performance Materials Operations LLC, Term Loan B, (3 mo. LIBOR + 5.25%, 1.00% Floor), 6.94%, 08/12/22 <sup>(a)</sup> |     | 2,469        |    | 2,478,180    |
| Varsity Brands, Inc., 2017 Term Loan B, (1 mo. LIBOR + 3.50%, 1.00% Floor), 5.15%, 12/15/24                                  |     | 485          |    | 490,156      |
|  |     |              |    | 2,968,336    |
| <b>Thriffs &amp; Mortgage Finance 0.2%</b>   |     |              |    |              |
| IG Investment Holdings LLC, 2017 1st Lien Term Loan, (3 mo. LIBOR + 3.50%, 1.00% Floor), 5.19%, 10/29/21                     |     | 1,475        |    | 1,490,293    |
| <b>Trading Companies &amp; Distributors 0.8%</b>   |     |              |    |              |
| Beacon Roofing Supply, Inc., 2017 Term Loan B, (1 mo. LIBOR + 2.25%), 3.83%, 01/02/25  |     | 2,144        |    | 2,152,941    |
| HD Supply, Inc.:   |     |              |    |              |
| Term Loan B3, (3 mo. LIBOR + 2.25%), 3.94%, 08/13/21   |     | 1,241        |    | 1,246,099    |
| Term Loan B4, (3 mo. LIBOR + 2.50%), 4.19%, 10/17/23   |     | 1,896        |    | 1,907,735    |
| Nexeo Solutions LLC, 2017 Repriced Term Loan, (3 mo. LIBOR + 3.25%), 5.07%, 06/09/23   |     | 241          |    | 244,052      |
| Oxbow Carbon LLC, 2017 1st Lien Term Loan B, (1 mo. LIBOR + 3.75%), 5.40%, 01/04/23 <sup>(a)</sup>                           |     | 387          |    | 390,870      |
|  |     |              |    | 5,941,697    |
| <b>Transportation 0.4%</b>   |     |              |    |              |
| Direct ChassisLink, Inc., 2017 2nd Lien Term Loan, (1 mo. LIBOR + 6.00%), 7.65%, 06/15/23 <sup>(a)</sup>                     |     | 640          |    | 649,600      |
| Prometric Holdings, Inc., 1st Lien Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.77%, 01/29/25                            |     | 360          |    | 362,250      |
| Safe Fleet Acquisition, Corp.:   |     |              |    |              |
| 2018 1st Lien Term Loan, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.78%, 01/22/25   |     | 1,380        |    | 1,381,725    |

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|   |       |           |
|---|-------|-----------|
| 2018 2nd Lien Term Loan, (3 mo. LIBOR + 6.75%, 1.00% Floor), 8.53%, 01/22/26              | 735   | 740,513   |
|   |       | 3,134,088 |
| <b>Utilities 0.1%</b>   |       |           |
| ExGen Renewables IV LLC, Term Loan B, (3 mo. LIBOR + 3.00%, 1.00% Floor), 4.99%, 11/28/24 | 1,007 | 1,016,290 |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

(Percentages shown are based on Net Assets)

|  |              | <i>Par</i><br>(000) | <i>Value</i> |
|--|--------------|---------------------|--------------|
| <b>Wireless Telecommunication Services</b>   | <b>1.8%</b>  |                     |              |
| GEO Group, Inc., 2017 Term Loan B, (3 mo. LIBOR + 2.25%), 3.95%, 03/22/24              |              | USD 1,494           | \$ 1,498,194 |
| Ligado Networks LLC, PIK Exit Term Loan (9.75% PIK), 5.33%, 12/07/20 <sup>(g)</sup>    |              | 7,008               | 6,448,460    |
| VICI Properties 1 LLC, Replacement Term Loan B, (1 mo. LIBOR + 2.00%), 3.60%, 12/20/24 |              | 5,529               | 5,555,334    |
|  |              |                     | 13,501,988   |
| <b>Total Floating Rate Loan Interests</b>  | <b>82.2%</b> |                     |              |
| (Cost \$608,449,419)   |              |                     | 610,081,542  |

|  |             | <i>Beneficial</i><br><i>Interest (000)</i> |
|--|-------------|--|
| <b>Other Interests<sup>(m)</sup></b>       | <b>0.0%</b> |  |
| <b>IT Services</b>                         | <b>0.0%</b> |  |
| Millennium Corp. <sup>(a)(b)</sup>         |             | 1,156                                      |
| Millennium Lender Claims <sup>(a)(b)</sup> |             | 1,084                                      |
| <b>Total Other Interests</b>               | <b>0.0%</b> |  |
| (Cost \$ )                                 |             |  |

|  |             | <i>Par</i><br>(000) |           |
|--|-------------|---------------------|-----------|
| <b>Preferred Securities</b>  | <b>1.5%</b> |                     |           |
| <b>Capital Trusts</b>  | <b>1.3%</b> |                     |           |
| ATF Netherlands BV, 3.75% <sup>(i)(j)</sup>                                |             | 100                 | 128,389   |
| Banco Santander SA, 6.25% <sup>(i)(j)</sup>                                |             | 100                 | 127,795   |
| Bank of America Corp., Series X, 6.25% <sup>(i)(j)</sup>                   |             | 1,100               | 1,182,720 |
| Citigroup, Inc., Series N, 5.80% <sup>(i)(j)</sup>                         |             | 1,100               | 1,138,500 |
| Cooperatieve Rabobank UA, 6.63% <sup>(i)(j)</sup>                          |             | 200                 | 281,286   |
| Credit Agricole SA, 6.50% <sup>(i)(j)</sup>                                |             | 100                 | 138,560   |
| Enel SpA <sup>(i)(j)</sup> :   |             |                     |           |
| 6.50%  |             | 100                 | 128,321   |
| 7.75%  |             | 100                 | 156,744   |
| Erste Group Bank AG, 6.50% <sup>(i)(j)</sup>                               |             | 200                 | 283,345   |
| Gas Natural Fenosa Finance BV, 3.38% <sup>(i)(j)</sup>                     |             | 100                 | 124,398   |
| Goldman Sachs Group, Inc., Series P, 5.00% <sup>(i)(j)</sup>               |             | 1,910               | 1,857,704 |
| HBOS Capital Funding LP, 6.85% <sup>(j)</sup>                              |             | 200                 | 204,032   |
| Hongkong & Shanghai Banking Corp. Ltd., Series 3H, 2.00% <sup>(i)(j)</sup> |             | 100                 | 92,236    |

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|  |     |         |
|--|-----|---------|
| HSBC Holdings PLC, 6.00% <sup>(i)(j)</sup>                       | 600 | 612,900 |
| Intesa Sanpaolo SpA, 7.00% <sup>(i)(j)</sup>                     | 400 | 542,189 |
| JPMorgan Chase & Co., Series V,<br>5.00% <sup>(i)(j)</sup>       | 780 | 783,900 |
| National Westminster Bank PLC, Series C, 2.25% <sup>(i)(j)</sup> | 100 | 91,000  |
| Origin Energy Finance Ltd., 4.00% <sup>(j)</sup>                 | 100 | 127,795 |
| Repsol International Finance BV, 4.50% <sup>(j)</sup>            | 100 | 134,710 |
| Royal Bank of Scotland Group PLC, 8.63% <sup>(i)(j)</sup>        | 246 | 271,830 |
| Solvay Finance SA, 5.12% <sup>(i)(j)</sup>                       | 100 | 136,335 |
| Telefonica Europe BV, 3.75% <sup>(i)(j)</sup>                    | 100 | 128,466 |
| Telefonica Europe BV, 4.20% <sup>(i)(j)</sup>                    | 200 | 257,405 |
| Telefonica Europe BV, 5.00% <sup>(i)(j)</sup>                    | 100 | 131,370 |
| UBS Group AG, 5.75% <sup>(i)(j)</sup>                            | 200 | 274,167 |
| UBS Group Funding Switzerland AG, 5.00% <sup>(i)(j)</sup>        | 200 | 192,897 |

**Total Capital Trusts 1.3%**  
(Cost \$8,977,480) 9,528,994

*Shares Value*

**Preferred Stock 0.0%**

**Capital Markets 0.0%**

Goldman Sachs Group, Inc., Series J,  
5.50%<sup>(i)(j)</sup> 13,550 \$ 358,669

**Total Preferred Stocks 0.0%**  
(Cost \$338,750) 358,669

**Trust Preferred 0.2%**

**Diversified Financial Services 0.2%**

GMAC Capital Trust I, Series 2, (3 mo. LIBOR US + 5.79%), 7.62%, 2/15/40 (i) 59,219 1,527,850

**Total Trust Preferred 0.2%**  
(Cost \$1,547,459) 1,527,850

**Total Preferred Securities 1.5%**  
(Cost \$10,863,689) 11,415,513

**Rights 0.0%**

**Electric Utilities 0.0%**

Vistra Energy<sup>(a)</sup> 39,599 37,223

**Total Rights 0.0%**  
(Cost \$ ) 37,223

**Warrants 0.0%**

**Metals & Mining 0.0%**



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|   |                |
|---|----------------|
| AFGlobal Corp. (Expires 12/20/20) <sup>(a)</sup>  | 5,283          |
| <b>Software 0.0%</b>  |                |
| HMH Holdings/EduMedia (Issued/exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27) <sup>(a)</sup> | 3,049          |
| <b>Transportation Infrastructure 0.0%</b>   |                |
| Turbo Cayman Ltd. (Expires 3/15/18, Strike Price \$0.01) <sup>(a)</sup>   | 1              |
| <b>Total Warrants 0.0%</b>  |                |
| <b>(Cost \$30)</b>  |                |
| <b>Total Long-Term Investments 148.2%</b>   |                |
| <b>(Cost \$1,119,136,654)</b>   | 1,100,068,695  |
| <b>Options Purchased 0.0%</b>   |                |
| <b>(Cost \$5,867)</b>   |                |
| <b>Total Investments 148.2%</b>   |                |
| <b>(Cost \$1,119,142,521)</b>   | 1,100,068,695  |
| <b>Liabilities in Excess of Other Assets (48.2)%</b>  | (357,864,378)  |
| <b>Net Assets 100.0%</b>  | \$ 742,204,317 |

(a) Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.

(b) Non-income producing security.

(c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(d) Floating rate security. Rate shown is the rate in effect as of period end.

(e) Variable or floating rate security, which interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

- (f) When-issued security.
- (g) Payment-in-kind security which may pay interest/dividends in additional par/shares and/or in cash. Rates shown are the current rate and possible payment rates.
- (h) Issuer filed for bankruptcy and/or is in default.
- (i) Variable rate security. Security may be issued at a fixed coupon rate, which converts to a variable rate at a specified date. Rate shown is the rate in effect as of period end.
- (j) Perpetual security with no stated maturity date.
- (k) Variable rate security. Rate shown is the rate in effect as of period end.
- (l) Represents an unsettled loan commitment at period end. Certain details associated with this purchase are not known prior to the settlement date, including coupon rate.
- (m) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

During the year ended February 28, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, and/or related parties were as follows:

|   | <i>Shares<br/>Held</i> | <i>Shares<br/>at</i> | <i>Value<br/>at</i> | <i>Gain (Loss)</i> | <i>Change in<br/>Net Unrealized<br/>Appreciation<br/>(Depreciation)</i> |
|---|------------------------|----------------------|---------------------|--------------------|---|
| <i>Affiliated Persons and/or Related Parties</i>          | <i>2/28/18</i>         | <i>2/28/18</i>       | <i>2/28/18</i>      | <i>Income</i>      | <i>(D)</i>  |
| BlackRock Liquidity Funds,<br>T-Fund, Institutional Class |                        |                      | \$ 17,454           | \$ 13              | \$  |
| iShares iBoxx \$ High Yield<br>Corporate Bond ETF         | 157,001                | (157,001)            | 257,172             | 508,287            | (475,323)   |
|   |                        |                      | \$ 274,626          | \$ 508,300         | \$ (475,323)  |

(a) Includes net capital gain distributions, if applicable.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

### Derivative Financial Instruments Outstanding as of Period End

#### Futures Contracts

| <i>Description</i> | <i>Number of<br/>Contracts</i> | <i>Expiration<br/>Date</i> | <i>Notional<br/>Amount<br/>(000)</i> | <i>Value/<br/>Unrealized<br/>Appreciation</i> |
|--------------------|--------------------------------|----------------------------|--------------------------------------|---|
|--------------------|--------------------------------|----------------------------|--------------------------------------|---|

|                            |   |          |        |    | <i>(Depreciation)</i> |
|----------------------------|---|----------|--------|----|-----------------------|
| Long Contracts:            |   |          |        |    |                       |
| Euro Stoxx 50 Index        | 1 | 03/16/18 | \$ 42  | \$ | 267                   |
| Euro Stoxx 600 Index       | 1 | 03/16/18 | 11     |    | 228                   |
|                            |   |          |        |    | 495                   |
| Short Contracts:           |   |          |        |    |                       |
| 10-Year U.S. Treasury Note | 2 | 06/20/18 | \$ 240 | \$ | 414                   |
| Long Gilt                  | 1 | 06/27/18 | 167    |    | (42)                  |
|                            |   |          |        |    | 372                   |
|                            |   |          |        | \$ | 867                   |

**Forward Foreign Currency Exchange Contracts**

| <i>Currency Purchased</i> | <i>Currency Sold</i> | <i>Counterparty</i>   | <i>Settlement Date</i> | <i>Unrealized Appreciation (Depreciation)</i> |
|---------------------------|----------------------|-----------------------|------------------------|---|
| USD 530,460               | EUR 425,000          | BNP Paribas S.A.      | 03/05/18               | \$ 11,863                                     |
| USD 7,055,112             | EUR 5,682,000        | HSBC Bank PLC         | 03/05/18               | 121,781                                       |
| USD 7,095,199             | EUR 5,682,000        | HSBC Bank PLC         | 03/05/18               | 161,867                                       |
| USD 3,804,685             | GBP 2,681,000        | Barclays Bank PLC     | 03/05/18               | 113,421                                       |
| USD 14,141,007            | EUR 11,538,000       | Bank of America N.A.  | 04/04/18               | 28,430  |
| USD 3,530,621             | GBP 2,552,000        | Toronto-Dominion Bank | 04/04/18               | 11,724  |
|                           |                      |                       |                        | 449,086                                       |
| EUR 200,000               | USD 250,163          | HSBC Bank PLC         | 03/05/18               | (6,117)                                       |
|                           |                      |                       |                        | \$ 442,969                                    |

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

**OTC Options Purchased**

| <i>Description</i>                        | <i>Counterparty</i> | <i>Number of Contracts</i> | <i>Expiration Date</i> | <i>Exercise Price</i> | <i>Notional Amount (000)</i> | <i>Value</i> |
|---|---------------------|----------------------------|------------------------|-----------------------|------------------------------|--------------|
| Call<br>Marsico Parent Superholdco<br>LLC | Goldman Sachs & Co. | 6                          | 12/14/19               | USD 942.86            | USD                          | \$           |

**Centrally Cleared Credit Default Swaps Sell Protection**

| <i>Reference Obligation/Index</i>   | <i>Financing</i>     |                    | <i>Payment Frequency</i> | <i>Termination Date</i> | <i>Credit Rating<sup>(a)</sup></i> | <i>Notional Amount (000)<sup>(b)</sup></i> | <i>Value</i> | <i>Upfront Premium</i> |                                |
|---|----------------------|--------------------|--------------------------|-------------------------|------------------------------------|--|--------------|------------------------|--------------------------------|
|   | <i>Rate Received</i> | <i>by the Fund</i> |                          |                         |                                    |  |              | <i>(Received)</i>      | <i>Unrealized Depreciation</i> |
| Chesapeake Energy Corp.   | 5.00%                | Quarterly          | 12/20/21                 | CCC                     | USD 620                            | \$ (3,954)                                 | \$ (19,744)  | \$ 15,790              |                                |
| Dow Jones Markit CDX North America High Yield Index, Series 29, Version 1 | 5.00%                | Quarterly          | 12/20/22                 | BB-                     | USD 21,189                         | 1,642,955                                  | 1,507,902    | 135,053                |                                |
| Markit iTraxx XO, Series 28, Version 1                                    | 5.00%                | Quarterly          | 12/20/22                 | BB                      | EUR 200                            | 27,582                                     | 25,260       | 2,322                  |                                |
|   |                      |                    |                          |                         |                                    | \$ 1,666,583                               | \$ 1,513,418 | \$ 153,165             |                                |

(a) Using Standard & Poor's (S&P's) rating of the issuer or the underlying securities of the index, as applicable.

(b) The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

**OTC Credit Default Swaps Buy Protection**

| <i>Reference Obligation/Index</i> | <i>Financing Rate Paid</i> | <i>Payment Frequency</i> | <i>Counterparty</i> | <i>Termination Date</i> | <i>Notional Amount (000)</i> | <i>Value</i> | <i>Upfront Premium</i> | <i>Unrealized Depreciation</i> |
|-----------------------------------|----------------------------|--------------------------|---------------------|-------------------------|------------------------------|--------------|------------------------|--------------------------------|
|-----------------------------------|----------------------------|--------------------------|---------------------|-------------------------|------------------------------|--------------|------------------------|--------------------------------|

(Received)

Centurylink Inc. 1.00% Quarterly Goldman Sachs International 12/20/22 USD 2,287 258,931 \$ 299,605 \$ (40,674)

**OTC Credit Default Swaps Sell Protection**

| Reference Obligation            | Financing     |           |                             |      | Termination Date | Credit Rating <sup>(a)</sup> | Notional                    |                  | Upfront                 |                         |  |
|---------------------------------|---------------|-----------|-----------------------------|------|------------------|------------------------------|-----------------------------|------------------|-------------------------|-------------------------|--|
|                                 | Rate Received | Payment   | Counterparty                | Fund |                  |                              | Amount (000) <sup>(b)</sup> | Value (Received) | Unrealized Depreciation | Unrealized Appreciation |  |
|                                 | by the        | Frequency |                             |      |                  |                              |                             |                  |                         |                         |  |
| Aguar Land Rover Automotive PLC | 5.00%         | Quarterly | Credit Suisse International |      | 06/20/22         | BB+                          | EUR 20                      | \$ 3,847         | \$ 3,408                | \$ 439                  |  |
| Casino Guichard                 |               |           | JPMorgan Chase Bank         |      |                  |                              |                             |                  |                         |                         |  |
| Perrachon SA                    | 1.00          | Quarterly | N.A.                        |      | 12/20/22         | BB+                          | EUR 50                      | (1,902)          | (2,087)                 | 185                     |  |
| Aguar Land Rover Automotive PLC | 5.00          | Quarterly | Barclays Bank PLC           |      | 12/20/22         | BB+                          | EUR 20                      | 4,025            | 3,882                   | 143                     |  |
| Telecom Italia SpA              | 1.00          | Quarterly | Citibank N.A.               |      | 12/20/22         | BB+                          | EUR 30                      | (420)            | (597)                   | 177                     |  |
|                                 |               |           |                             |      |                  |                              |                             | \$ 5,550         | \$ 4,606                | \$ 944                  |  |

<sup>(a)</sup> Using S&P's rating of the issuer or the underlying securities of the index, as applicable.

<sup>(b)</sup> The maximum potential amount the Fund may pay should a negative credit event take place as defined under the terms of the agreement.

**Balances Reported in the Statement of Assets and Liabilities for Centrally Cleared Swaps and OTC Derivatives**

|  | Swap Premiums |             | Unrealized Appreciation | Unrealized Depreciation | Value        |
|--|---------------|-------------|-------------------------|-------------------------|--------------|
|  | Paid          | Received    |                         |                         |              |
| Centrally Cleared Swaps <sup>(a)</sup> | \$ 1,533,162  | \$ (19,744) | \$ 153,165              | \$                      | \$ 1,666,583 |
| OTC Derivatives                        | 306,895       | (2,684)     | 944                     | (40,674)                | 264,481      |

<sup>(a)</sup> Includes cumulative appreciation (depreciation) on centrally cleared swaps, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities and is net of any previously paid (received) swap premium amounts.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statement of Assets and Liabilities were as follows:

|  | Commodity<br>Contracts | Credit<br>Contracts | Equity<br>Contracts | Foreign               |                               |                    | Total      |
|--|------------------------|---------------------|---------------------|-----------------------|-------------------------------|--------------------|------------|
|  |                        |                     |                     | Exchange<br>Contracts | Interest<br>Rate<br>Contracts | Other<br>Contracts |            |
| <b>Assets Derivative Financial Instruments</b>                         |                        |                     |                     |                       |                               |                    |            |
| Futures contracts  |                        |                     |                     |                       |                               |                    |            |
| Net unrealized appreciation <sup>(a)</sup>                             | \$                     | \$                  | \$ 495              | \$                    | \$ 414                        | \$                 | \$ 909     |
| Forward foreign currency exchange contracts                            |                        |                     |                     |                       |                               |                    |            |
| Unrealized appreciation on forward foreign currency exchange contracts |                        |                     |                     | 449,086               |                               |                    | 449,086    |
| Swaps centrally cleared  |                        |                     |                     |                       |                               |                    |            |
| Net unrealized appreciation <sup>(a)</sup>                             |                        | 153,165             |                     |                       |                               |                    | 153,165    |
| Swaps OTC  |                        |                     |                     |                       |                               |                    |            |
| Unrealized appreciation on OTC swaps; Swap premiums paid               |                        | 307,839             |                     |                       |                               |                    | 307,839    |
|  | \$                     | \$ 461,004          | \$ 495              | \$ 449,086            | \$ 414                        | \$                 | \$ 910,999 |
| <b>Liabilities Derivative Financial Instruments</b>                    |                        |                     |                     |                       |                               |                    |            |
| Futures contracts  |                        |                     |                     |                       |                               |                    |            |
| Net unrealized depreciation <sup>(a)</sup>                             | \$                     | \$                  | \$                  | \$                    | \$ 42                         | \$                 | 42         |
| Forward foreign currency exchange contracts                            |                        |                     |                     |                       |                               |                    |            |
| Unrealized depreciation on forward foreign currency exchange contracts |                        |                     |                     | 6,117                 |                               |                    | 6,117      |
| Swaps OTC  |                        |                     |                     |                       |                               |                    |            |
| Unrealized depreciation on OTC swaps; Swap premiums received           |                        | 43,358              |                     |                       |                               |                    | 43,358     |
|  | \$                     | \$ 43,358           | \$                  | \$ 6,117              | \$ 42                         | \$                 | \$ 49,517  |

(a) Includes cumulative appreciation (depreciation) on futures contracts and centrally cleared swaps, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

For the year ended February 28, 2018, the effect of derivative financial instruments in the Statement of Operations was as follows:

|   | <i>Commodity<br/>Contracts</i> | <i>Credit<br/>Contracts</i> | <i>Equity<br/>Contracts</i> | <i>Foreign<br/>Currency<br/>Exchange<br/>Contracts</i> | <i>Interest<br/>Rate<br/>Contracts</i> | <i>Other<br/>Contracts</i> | <i>Total</i>   |
|---|--------------------------------|-----------------------------|-----------------------------|--|--|----------------------------|----------------|
| <b>Net Realized Gain (Loss) from:</b>                           |                                |                             |                             |  |  |                            |                |
| Futures contracts   | \$                             | \$                          | \$                          | \$   | \$ 25,848                              | \$                         | \$ 25,848      |
| Forward foreign currency exchange contracts                     |                                |                             |                             | (2,157,923)  |  |                            | (2,157,923)    |
| Options purchased <sup>(a)</sup>                                |                                |                             |                             |  | (1,662)                                |                            | (1,662)        |
| Swaps   |                                | 907,638                     | 98,173                      |  | 28,066                                 |                            | 1,033,877      |
|   | \$                             | \$ 907,638                  | \$ 98,173                   | \$ (2,157,923)   | \$ 52,252                              | \$                         | \$ (1,099,860) |
| <b>Net Change in Unrealized Appreciation (Depreciation) on:</b> |                                |                             |                             |  |  |                            |                |
| Futures contracts   | \$                             | \$                          | \$ 495                      | \$   | \$ 363                                 | \$                         | \$ 858         |
| Forward foreign currency exchange contracts                     |                                |                             |                             | 214,695  |  |                            | 214,695        |
| Swaps   |                                | (232,789)                   |                             |  |  |                            | (232,789)      |
|   | \$                             | \$ (232,789)                | \$ 495                      | \$ 214,695   | \$ 363                                 | \$                         | \$ (17,236)    |

(a) Options purchased are included in net change in unrealized appreciation (depreciation) on investments.

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

|  |        |               |
|--|--------|---------------|
| Futures contracts:                           |        |               |
| Average notional value of contracts          | long   | \$ 13,825     |
| Average notional value of contracts          | short  | \$ 888,364    |
| Forward foreign currency exchange contracts: |        |               |
| Average amounts purchased                    | in USD | \$ 35,190,365 |
| Average amounts sold                         | in USD | \$ 1,076,643  |
| Options:                                     |        |               |
| Average value of option contracts purchased  |        | \$ 78         |

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Credit default swaps:

|                         |                 |               |
|-------------------------|-----------------|---------------|
| Average notional value  | buy protection  | \$ 1,182,817  |
| Average notional value  | sell protection | \$ 19,180,181 |
| Total return swaps:     |                 |               |
| Average notional amount |                 | \$ 412,500    |



Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

**Derivative Financial Instruments    Offsetting as of Period End**

|  | <i>Assets</i> | <i>Liabilities</i> |
|--|---------------|--------------------|
| Futures contracts  | \$            | \$ 1,359           |
| Swaps    Centrally cleared   |               | 47,143             |
| Forward foreign currency exchange contracts  | 449,086       | 6,117              |
| Swaps    OTC <sup>(a)</sup>  | 307,839       | 43,358             |
| Total derivative assets and liabilities in the Statement of Assets and Liabilities | \$ 756,925    | \$ 97,977          |
| Derivatives not subject to a Master Netting Agreement or similar agreement ( MNA ) |               | (48,502)           |
| Total derivative assets and liabilities subject to an MNA                          | \$ 756,925    | \$ 49,475          |

(a) Includes unrealized appreciation (depreciation) on OTC swaps and swap premiums paid (received) in the Statement of Assets and Liabilities.

The following table presents the Fund's derivative assets (and liabilities) by counterparty net of amounts available for offset under a Master Netting Agreement ( MNA ) and net of the related collateral received (and pledged) by the Fund:

| <i>Counterparty</i>         | <i>Derivative Assets</i>                 |   |                                     | <i>Net Amount of Derivative Assets (c)(d)</i> |
|-----------------------------|--|---|-------------------------------------|---|
|                             | <i>Subject to an MNA by Counterparty</i> | <i>Derivatives Available for Offset (a)</i> | <i>Non-cash Collateral Received</i> |   |
| Bank of America N.A.        | \$ 28,430                                | \$  | \$                                  | \$ 28,430                                     |
| Barclays Bank PLC           | 117,446                                  |   |                                     | 117,446                                       |
| BNP Paribas S.A.            | 11,863                                   |   |                                     | 11,863  |
| Citibank N.A.               | 177                                      | (177)                                       |                                     |   |
| Credit Suisse International | 3,847                                    |   |                                     | 3,847   |
| Goldman Sachs International | 299,605                                  | (40,674)                                    | (258,931)                           |   |
| HSBC Bank PLC               | 283,648                                  | (6,117)                                     |                                     | 277,531                                       |
| J.P. Morgan Chase Bank N.A. | 185                                      | (185)                                       |                                     |   |
| The Toronto-Dominion Bank   | 11,724                                   |   |                                     | 11,724  |

\$ 756,925    \$ (47,153)    \$            \$ (258,931)    \$ 450,841

| <i>Derivative</i>           |                     |                              |                   |                   |                                      |
|-----------------------------|---------------------|------------------------------|-------------------|-------------------|--------------------------------------|
| <i>Liabilities</i>          |                     |                              |                   |                   |                                      |
|                             | <i>Subject to</i>   | <i>Derivatives</i>           | <i>Non-cash</i>   | <i>Cash</i>       | <i>Net</i>                           |
|                             | <i>an MNA</i>       | <i>Available</i>             | <i>Collateral</i> | <i>Collateral</i> | <i>Amount</i>                        |
|                             | <i>by</i>           | <i>for</i>                   |                   |                   | <i>of</i>                            |
| <i>Counterparty</i>         | <i>Counterparty</i> | <i>Offset <sup>(a)</sup></i> | <i>Pledged</i>    | <i>Pledged</i>    | <i>Liabilities <sup>(d)(e)</sup></i> |
| Citibank N.A.               | \$ 597              | \$ (177)                     | \$                | \$                | \$ 420                               |
| Goldman Sachs International | 40,674              | (40,674)                     |                   |                   |                                      |
| HSBC Bank PLC               | 6,117               | (6,117)                      |                   |                   |                                      |
| J.P. Morgan Chase Bank N.A. | 2,087               | (185)                        |                   |                   | 1,902                                |
|                             | \$ 49,475           | \$ (47,153)                  | \$                | \$                | \$ 2,322                             |

(a) The amount of derivatives available for offset is limited to the amount of derivative asset and/or liabilities that are subject to an MNA.

(b) Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

(c) Net amount represents the net amount receivable from the counterparty in the event of default.

(d) Net amount may also include forward foreign currency exchange contracts that are not required to be collateralized.

(e) Net amount represents the net amount payable due to counterparty in the event of default.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

|   | <i>Level 1</i> | <i>Level 2</i>   | <i>Level 3</i> | <i>Total</i>     |
|---|----------------|------------------|----------------|------------------|
| <b>Assets:</b>  |                |                  |                |                  |
| <b>Investments:</b>                                   |                |                  |                |                  |
| <b>Long-Term Investments:</b>                         |                |                  |                |                  |
| Asset-Backed Securities                               | \$             | \$ 76,104,178    | \$ 725,000     | \$ 76,829,178    |
| Common Stocks   | 1,194,353      | 163,782          | 3,224,021      | 4,582,156        |
| Corporate Bonds                                       |                | 386,944,010      | 10,179,073     | 397,123,083      |
| Floating Rate Loan Interests                          |                | 569,635,419      | 40,446,123     | 610,081,542      |
| Preferred Securities                                  | 1,886,519      | 9,528,994        |                | 11,415,513       |
| Rights  |                |                  | 37,223         | 37,223           |
| Unfunded Floating Rate Loan Interests <sup>(a)</sup>  |                | 3,304            |                | 3,304            |
|   | \$ 3,080,872   | \$ 1,042,379,687 | \$ 54,611,440  | \$ 1,100,071,999 |
| <b>Derivative Financial Instruments<sup>(b)</sup></b> |                |                  |                |                  |
| <b>Assets:</b>  |                |                  |                |                  |
| Credit contracts                                      | \$             | \$ 154,109       | \$             | \$ 154,109       |
| Forward foreign currency contracts                    |                | 449,086          |                | 449,086          |
| Equity contracts                                      | 495            |                  |                | 495              |
| Interest rate contracts                               | 414            |                  |                | 414              |
| <b>Liabilities:</b>                                   |                |                  |                |                  |
| Credit contracts                                      |                | (40,674)         |                | (40,674)         |
| Forward foreign currency contracts                    |                | (6,117)          |                | (6,117)          |
| Interest rate contracts                               | (42)           |                  |                | (42)             |
|   | \$ 867         | \$ 556,404       | \$             | \$ 557,271       |

<sup>(a)</sup> Unfunded floating rate loan interests are valued at the unrealized appreciation (depreciation) on the commitment.

<sup>(b)</sup> Derivative financial instruments are swaps, futures contracts and forward foreign currency exchange contracts. Swaps, futures contracts and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation).

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The Fund may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, bank borrowings payable of \$338,000,000 are categorized as Level 2 within the disclosure hierarchy.

During the year ended February 28, 2018, there were no transfers between Level 1 and Level 2.

A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | <i>Common<br/>Stocks</i> | <i>Asset-<br/>Backed<br/>Securities</i> | <i>Corporate<br/>Bonds</i> | <i>Floating<br/>Rate Loan<br/>Interests</i> | <i>Other<br/>Interests</i> | <i>Rights</i> | <i>Warrants</i> | <i>Total</i>  |
|---|--------------------------|---|----------------------------|---|----------------------------|---------------|-----------------|---------------|
| Assets:   |                          |   |                            |   |                            |               |                 |               |
| Beginning balance, as of February 28, 2017  | \$ 2,519,729             | \$ 1,800,000                            | \$ 10,591,604              | \$ 15,974,274                               | \$ 12                      | \$ 81,663     | \$ 29,644       | \$ 30,996,926 |
| Transfers into Level 3  |                          |   |                            | 5,943,873                                   |                            |               |                 | 5,943,873     |
| Transfers out of Level 3 <sup>(b)</sup>   |                          | (1,800,000)                             |                            | (3,985,466)                                 |                            |               |                 | (5,785,466)   |
| Other <sup>(c)</sup>  | 28,204                   |   |                            |   |                            | (28,204)      |                 |               |
| Accrued   |                          |   |                            |   |                            |               |                 |               |
| Accounts/premiums   |                          |   |                            | 190,679                                     |                            |               |                 | 190,679       |
| Net realized gain (loss)  | 23,536                   |   | 3,419,220                  | (852,632)                                   | (276,698)                  |               | 28,869          | 2,342,295     |
| Net change in realized appreciation (depreciation) <sup>(d),(e)</sup>                             | 685,434                  |   | (3,040,552)                | 261,580                                     | 346,063                    | (16,236)      | (29,644)        | (1,793,355)   |
| Purchases   |                          | 725,000                                 | 10,950,847                 | 34,952,003                                  |                            |               |                 | 46,627,850    |
| Sales   | (32,882)                 |   | (11,742,046)               | (12,038,188)                                | (69,377)                   |               | (28,869)        | (23,911,362)  |
| Ending balance, as of February 28, 2018   | \$ 3,224,021             | \$ 725,000                              | \$ 10,179,073              | \$ 40,446,123                               | \$ 37,223                  | \$ 37,223     | \$ 37,223       | \$ 54,611,446 |
| Net change in realized appreciation (depreciation) on investments still held at February 28, 2018 | \$ 704,288               | \$ 37,223                               | \$ (387,034)               | \$ 337,504                                  | \$ 37,223                  | \$ (16,234)   | \$ (793)        | \$ 637,737    |

(a) As of February 28, 2017, the Fund used observable inputs in determining the value of certain investments. As of February 28, 2018, the Fund used significant unobservable inputs in determining the value of the same

investments. As a result, investments at the beginning of period value were transferred from Level 2 to Level 3 in the disclosure hierarchy.

- (b) As of February 28, 2017, the Fund used significant unobservable inputs in determining the value of certain investments. As of February 28, 2018, the Fund used observable inputs in determining the value of the same investments. As a result, investments at the beginning of period value were transferred from Level 3 to Level 2 in the disclosure hierarchy.

Schedule of Investments (continued)

BlackRock Debt Strategies Fund, Inc. (DSU)

February 28, 2018

- (c) Certain Level 3 investments were re-classified between Common Stocks and Rights.
- (d) Included in the related net change in unrealized appreciation (depreciation) in the Statement of Operations.
- (e) Any difference between net change in unrealized appreciation (depreciation) and net change in unrealized appreciation (depreciation) on investments still held at February 28, 2018 is generally due to investments no longer held or categorized as Level 3 at period end.

The following table summarizes the valuation approaches used and unobservable inputs utilized by the BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) to determine the value of certain of the Fund's Level 3 investments as of period end. The table does not include Level 3 investments with values based upon unadjusted third party pricing information in the amount of \$41,058,497. A significant change in the third party information could result in a significantly lower or higher value of such Level 3 investments.

|                              | <i>Value</i>  | <i>Valuation Approach</i> | <i>Unobservable Inputs</i>        | <i>Range of Unobservable Inputs Utilized</i> | <i>Weighted Average of Unobservable Inputs</i> |
|------------------------------|---------------|---------------------------|-----------------------------------|--|--|
| <b>Assets:</b>               |               |                           |                                   |  |  |
| Common Stocks                | \$ 3,224,021  | Market                    | EBITDA Multiple <sup>(a)</sup>    | 5.38x - 8.13x                                | 6.73x  |
|                              |               |                           | Liquidity Discount <sup>(b)</sup> | 8%   |  |
|                              |               |                           | Volatility <sup>(b)</sup>         | 24%  |  |
|                              |               |                           | Time to Exit <sup>(b)</sup>       | 0.8 years                                    |  |
| Corporate Bonds              | 10,179,073    | Market                    | EBITDA Multiple <sup>(a)</sup>    | 6.50x  |  |
|                              |               |                           | Liquidity Discount <sup>(b)</sup> | 8%   |  |
|                              |               |                           | Volatility <sup>(a)</sup>         | 24%  |  |
|                              |               |                           | Time to Exit <sup>(a)</sup>       | 0.8 years                                    |  |
| Floating Rate Loan Interests | 149,849       | Income                    | Discount Rate <sup>(b)</sup>      | 5%   |  |
|                              | \$ 13,552,943 |                           |                                   |  |  |

(a) Increase in unobservable input may result in a significant increase to value, while a decrease in the unobservable input may result in a significant decrease to value.

(b) Decrease in unobservable input may result in a significant increase to value, while an increase in the unobservable input may result in a significant decrease to value.

See notes to financial statements.

SCHEDULE OF INVESTMENTS

## Statement of Assets and Liabilities

February 28, 2018

|  | DSU               |
|--|-------------------|
| <b>ASSETS</b>  |                   |
| Investments at value unaffiliated (cost \$1,119,142,521) | \$ 1,100,068,695  |
| Cash   | 1,208,459         |
| Cash pledged:  |                   |
| Centrally cleared swaps                                  | 1,602,000         |
| Futures contracts  | 10,000            |
| Foreign currency at value (cost \$105,188)               | 103,053           |
| Receivables:   |                   |
| Investments sold   | 13,430,154        |
| Interest unaffiliated                                    | 9,108,001         |
| Dividends affiliated                                     | 1,007             |
| Swap premiums paid                                       | 306,895           |
| Unrealized appreciation on:                              |                   |
| Forward foreign currency exchange contracts              | 449,086           |
| Unfunded floating rate loan interests                    | 3,304             |
| OTC derivatives  | 944               |
| Prepaid expenses   | 15,669            |
| Other assets   | 34,954            |
| <br>Total assets   | <br>1,126,342,221 |
| <br><b>LIABILITIES</b>                                   |                   |
| Cash received as collateral for OTC derivatives          | 440,000           |
| Payables:  |                   |
| Bank borrowings  | 338,000,000       |
| Investments purchased                                    | 43,702,133        |
| Interest expense   | 603,081           |
| Investment advisory fees                                 | 457,296           |
| Other accrued expenses                                   | 374,442           |
| Directors and Officers fees                              | 319,693           |
| Income dividends   | 143,282           |
| Variation margin on centrally cleared swaps              | 47,143            |
| Variation margin on futures contracts                    | 1,359             |
| Swap premiums received                                   | 2,684             |
| Unrealized depreciation on:                              |                   |
| OTC derivatives  | 40,674            |
| Forward foreign currency exchange contracts              | 6,117             |
| Contingencies <sup>(a)</sup>                             |                   |



|   |                       |
|---|-----------------------|
| Total liabilities   | 384,137,904           |
| <b>NET ASSETS</b>   | <b>\$ 742,204,317</b> |
| <b>NET ASSETS CONSIST OF</b>  |                       |
| Paid-in capital   | \$ 828,288,250        |
| Distributions in excess of net investment income  | (649,167)             |
| Accumulated net realized loss   | (66,912,174)          |
| Net unrealized appreciation (depreciation)  | (18,522,592)          |
| Net Assets  | <b>\$ 742,204,317</b> |
| Net asset value, based on net assets of \$742,204,317 and 58,791,928 shares outstanding,<br>400 million shares authorized, \$0.10 par value | <b>\$ 12.62</b>       |

(a) See Note 12 of the Notes to Financial Statements for details of contingencies.  
See notes to financial statements.

## Statement of Operations

Year Ended February 28, 2018

|   | DSU (a)       |
|---|---------------|
| <b>INVESTMENT INCOME</b>  |               |
| Interest- unaffiliated  | \$ 60,550,239 |
| Dividends affiliated  | 274,626       |
| Dividends unaffiliated  | 28,162        |
| Total investment income   | 60,853,027    |
| <b>EXPENSES</b>   |               |
| Investment advisory   | 6,111,768     |
| Professional  | 502,194       |
| Accounting services   | 165,941       |
| Directors and Officer   | 99,040        |
| Transfer agent  | 97,760        |
| Custodian   | 70,465        |
| Printing  | 31,071        |
| Registration  | 27,057        |
| Miscellaneous   | 75,525        |
| Total expenses excluding interest expense and income tax        | 7,180,821     |
| Interest expense  | 6,961,014     |
| Income tax  | 17,835        |
| Total expenses  | 14,159,670    |
| Less fees waived by the Manager                                 | (26,613)      |
| Total expenses after fees waived                                | 14,133,057    |
| Net investment income   | 46,719,970    |
| <b>REALIZED AND UNREALIZED GAIN (LOSS)</b>                      |               |
| Net realized gain (loss) from:                                  |               |
| Investments unaffiliated  | 10,448,493    |
| Investments affiliated  | 508,287       |
| Futures contracts   | 25,848        |
| Forward foreign currency exchange contracts                     | (2,157,923)   |
| Foreign currency transactions                                   | 3,453         |
| Capital gain distributions from investment companies affiliated | 13            |
| Payment by affiliate  | 2,627         |
| Swaps   | 1,033,877     |

|   |                      |
|---|----------------------|
|   | 9,864,675            |
| Net change in unrealized appreciation (depreciation) on:    |                      |
| Investments unaffiliated                                    | (13,751,394)         |
| Investments affiliated                                      | (475,323)            |
| Futures contracts   | 858                  |
| Forward foreign currency exchange contracts                 | 214,695              |
| Foreign currency translations                               | (28,634)             |
| Swaps   | (232,789)            |
| Unfunded floating rate loan interests                       | (520)                |
|   | (14,273,107)         |
| Net realized and unrealized loss                            | (4,408,432)          |
| <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b> | <b>\$ 42,311,538</b> |

(a) Consolidated Statement of Operations through November 30, 2017.

*See notes to financial statements.*

## Statements of Changes in Net Assets

|  | DSU <sup>(a)</sup>      |                |
|--|-------------------------|----------------|
|  | Year Ended February 28, |                |
|  | 2018                    | 2017           |
| <i>INCREASE (DECREASE) IN NET ASSETS</i>   |                         |                |
| <b>OPERATIONS</b>  |                         |                |
| Net investment income  | \$ 46,719,970           | \$ 45,703,051  |
| Net realized gain  | 9,864,675               | 3,553,260      |
| Net change in unrealized appreciation (depreciation)                                       | (14,273,107)            | 78,291,323     |
| Net increase in net assets resulting from operations                                       | 42,311,538              | 127,547,634    |
| <b>DISTRIBUTIONS TO SHAREHOLDERS<sup>(b)</sup></b>   |                         |                |
| From net investment income   | (49,464,126)            | (46,740,255)   |
| <b>CAPITAL SHARE TRANSACTIONS</b>  |                         |                |
| Redemption of shares resulting from share repurchase program (including transaction costs) | (31,452,392)            | (9,233,758)    |
| <i>NET ASSETS</i>  |                         |                |
| Total increase (decrease) in net assets  | (38,604,980)            | 71,573,621     |
| Beginning of year  | 780,809,297             | 709,235,676    |
| End of year  | \$ 742,204,317          | \$ 780,809,297 |
| Undistributed (distributions in excess of) net investment income, end of year              | \$ (649,167)            | \$ 3,238,048   |

<sup>(a)</sup> Consolidated Statements of Changes in Net Assets through November 30, 2017.

<sup>(b)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.  
See notes to financial statements.

## Statement of Cash Flows

Year Ended February 28, 2018

|   | DSU (a)       |
|---|---------------|
| <b>CASH PROVIDED BY OPERATING ACTIVITIES</b>  |               |
| Net increase in net assets resulting from operations  | \$ 42,311,538 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |               |
| Proceeds from sales of long-term investments and principal paydowns   | 694,350,187   |
| Purchases of long-term investments  | (679,395,707) |
| Amortization of premium and accretion of discount on investments and other fees   | (518,670)     |
| Paid-in-kind income   | (1,528,235)   |
| Net realized loss on investments  | (10,777,868)  |
| Net unrealized gain on investments, swaps, foreign currency translations and unfunded floating rate loan interests          | 14,030,864    |
| <b>(Increase) Decrease in Assets:</b>   |               |
| Cash pledged:   |               |
| Futures contracts   | 2,000         |
| Centrally cleared swaps   | 29,000        |
| Receivables:  |               |
| Interest unaffiliated   | 1,715,797     |
| Dividends affiliated  | 232           |
| Variation margin on futures contracts   | 276           |
| Variation margin on centrally cleared swaps   | 5,446         |
| Swap premiums paid  | (305,162)     |
| Prepaid expenses  | 28,772        |
| Other assets  | 22,446        |
| <b>Increase (Decrease) in Liabilities:</b>  |               |
| Cash received as collateral for OTC derivatives   | 440,000       |
| Payables:   |               |
| Investment advisory fees  | 1,804         |
| Interest expense and fees   | 220,766       |
| Directors and Officers  | 27,611        |
| Variation margin on futures contracts   | 1,359         |
| Variation margin on centrally cleared swaps   | 47,143        |
| Other accrued expenses  | (319,533)     |
| Swap premiums received  | 1,103         |
| Net cash provided by operating activities   | 60,391,169    |
| <b>CASH USED FOR FINANCING ACTIVITIES</b>   |               |
| Proceeds from bank borrowings   | 367,000,000   |
| Payments on bank borrowings   | (347,000,000) |
| Net payments on Common Shares redeemed  | (32,209,555)  |
| Cash dividends paid to Common Shareholders  | (49,418,614)  |

|  |              |
|--|--------------|
| Decrease in bank overdraft             | (2,674,126)  |
| Net cash used for financing activities | (64,302,295) |

**CASH IMPACT FROM FOREIGN EXCHANGE FLUCTUATIONS**

|  |            |
|--|------------|
| Cash impact from foreign exchange fluctuations | \$ (2,102) |
|--|------------|

**CASH AND FOREIGN CURRENCY**

|   |              |
|---|--------------|
| Net decrease in cash and foreign currency at value      | (3,913,228)  |
| Cash and foreign currency at value at beginning of year | 5,224,740    |
| Cash and foreign currency at value at end of year       | \$ 1,311,512 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

|  |              |
|--|--------------|
| Cash paid during the year for interest expense | \$ 6,740,248 |
|--|--------------|

(a) Consolidated Statement of Cash Flows through November 30, 2017.  
*See notes to financial statements.*

## Financial Highlights

(For a share outstanding throughout each period)

|  | Year Ended February 28, |                      | DSU <sup>(a)</sup><br>Year<br>Ended<br>February 29, | Year Ended<br>February 28, |                      |
|--|-------------------------|----------------------|---|----------------------------|----------------------|
|  | 2018                    | 2017                 | 2016 <sup>(i)</sup>                                 | 2015 <sup>(i)</sup>        | 2014 <sup>(i)</sup>  |
| <b>Net asset value, beginning of year</b>  | \$ 12.70                | \$ 11.38             | \$ 12.87  | \$ 13.32                   | \$ 13.15             |
| Net investment income <sup>(b)</sup>   | 0.78                    | 0.73                 | 0.77  | 0.87                       | 0.90                 |
| Net realized and unrealized gain (loss)  | (0.04)                  | 1.34                 | (1.46)  | (0.43)                     | 0.28                 |
| Net increase (decrease) from investment operations   | 0.74                    | 2.07                 | (0.69)  | 0.44                       | 1.18                 |
| <b>Distributions <sup>(c)</sup></b>  |                         |                      |   |                            |                      |
| From net investment income   | (0.82)                  | (0.75)               | (0.80)  | (0.89)                     | (0.99)               |
| From return of capital   |                         |                      |   |                            | (0.02)               |
| Total distributions  | (0.82)                  | (0.75)               | (0.80)  | (0.89)                     | (1.01)               |
| <b>Net asset value, end of year</b>  | \$ 12.62                | \$ 12.70             | \$ 11.38  | \$ 12.87                   | \$ 13.32             |
| <b>Market price, end of year</b>   | \$ 11.47                | \$ 11.68             | \$ 9.96   | \$ 11.43                   | \$ 12.24             |
| <b>Total Return <sup>(d)</sup></b>   |                         |                      |   |                            |                      |
| Based on net asset value   | 6.60% <sup>(e)</sup>    | 19.57%               | (4.73)%   | 4.15%                      | 9.91%                |
| Based on market price  | 5.35%                   | 25.53%               | (6.03)%   | 0.66%                      | (0.81)%              |
| <b>Ratios to Average Net Assets</b>  |                         |                      |   |                            |                      |
| Total expenses   | 1.86%                   | 1.36% <sup>(f)</sup> | 1.18% <sup>(g)</sup>                                | 1.24%                      | 1.38% <sup>(h)</sup> |
| Total expenses after fees waived and paid indirectly   | 1.85%                   | 1.35% <sup>(f)</sup> | 1.18% <sup>(g)</sup>                                | 1.24%                      | 1.38% <sup>(h)</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees, and income tax | 0.94%                   | 0.87% <sup>(f)</sup> | 0.84% <sup>(g)</sup>                                | 0.89%                      | 1.00% <sup>(h)</sup> |

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|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Net investment income                                      | 6.12%      | 6.04%      | 6.29%      | 6.68%      | 6.80%      |
| <b>Supplemental Data</b>                                   |            |            |            |            |            |
| Net assets, end of year (000)                              | \$ 742,204 | \$ 780,810 | \$ 709,236 | \$ 801,887 | \$ 829,737 |
| Borrowings outstanding, end of year (000)                  | \$ 338,000 | \$ 318,000 | \$ 190,000 | \$ 295,000 | \$ 315,000 |
| Asset coverage, end of year per \$1,000 of bank borrowings | \$ 3,196   | \$ 3,455   | \$ 4,733   | \$ 3,719   | \$ 3,634   |
| Portfolio turnover rate                                    | 59%        | 55%        | 41%        | 54%        | 54%        |

(a) Consolidated Financial Highlights through November 30, 2017.

(b) Based on average shares outstanding.

(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

(d) Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions at actual reinvestment prices.

(e) Includes payment received from an affiliate, which had no impact on the Fund's total return.

(f) Ratios do not include expenses incurred indirectly as a result of investments in underlying funds of approximately 0.02%.

(g) Ratios do not include expenses incurred indirectly as a result of investments in underlying funds of approximately 0.01%.

(h) Includes reorganization costs associated with the Fund's reorganization. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense and income tax would have been 1.31%, 1.31% and 0.94%, respectively.

(i) Per share operating performance amounts have been adjusted to reflect a one-for-three reverse stock split effective after the close of trading on November 15, 2016 for the shareholders of record on November 15, 2016.

See notes to financial statements.



## Notes to Financial Statements

**1. ORGANIZATION**

BlackRock Debt Strategies Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund is registered as a diversified, closed-end management investment company. The Fund is organized as a Maryland corporation. The Fund determines and makes available for publication the net asset value (NAV) of its Common Shares on a daily basis.

The Fund, together with certain other registered investment companies advised by BlackRock Advisors, LLC (the Manager) or its affiliates, is included in a complex of closed-end funds referred to as the Closed-End Complex.

**Basis of Consolidation:** The accompanying consolidated financial statements of DSU include the account of DSU Subsidiary, LLC (the Taxable Subsidiary). As of period end, the Taxable Subsidiary, which was wholly-owned by the Fund, was dissolved. The Taxable Subsidiary enabled DSU to hold an investment in an operating partnership and satisfy Regulated Investment Company (RIC) tax requirements. Income earned and gains realized on the investment held by the Taxable Subsidiary were taxable to such subsidiary.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

**Investment Transactions and Income Recognition:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Fund is informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization and accretion of premiums and discounts on debt securities is recognized on an accrual basis.

**Foreign Currency Translation:** The Fund's books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange (NYSE). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

The Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Statement of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. The Fund reports realized currency gains (losses) on foreign currency related transactions as

components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

**Segregation and Collateralization:** In cases where the Fund enters into certain investments (e.g., futures contracts, forward foreign currency exchange contracts and swaps) that would be treated as senior securities for 1940 Act purposes, the Fund may segregate or designate on its books and records cash or liquid assets having a market value at least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Fund may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

**Distributions:** Distributions from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend date and made at least annually. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

**Deferred Compensation Plan:** Under the Deferred Compensation Plan (the Plan) approved by the Fund's Board, the independent Directors (Independent Directors) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors. This has the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Fund, if applicable. Deferred compensation liabilities are included in the directors' and officer's fees payable in the Statement of Assets and Liabilities and will remain as a liability of the Fund until such amounts are distributed in accordance with the Plan.

**Recent Accounting Standards:** In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update Restricted Cash which will require entities to include the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the beginning and ending cash balances in the Statement of Cash Flows. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Management is evaluating the impact, if any, of this guidance on the Fund's presentation in the Statement of Cash Flows.

In March 2017, the Financial Accounting Standards Board issued Accounting Standards Update Premium Amortization of Purchased Callable Debt Securities which amends the amortization period for certain purchased callable debt securities. Under the new guidance, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. The guidance will be applied on a modified

## Notes to Financial Statements (continued)

retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Fund.

**Indemnifications:** In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against the Fund, which cannot be predicted with any certainty.

**Other:** Expenses directly related to the Fund are charged to the Fund. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**Investment Valuation Policies:** The Fund's investments are valued at fair value (also referred to as market value within the financial statements) as of the close of trading on the New York Stock Exchange ( NYSE ) (generally 4:00 p.m., Eastern time). U.S. GAAP defines fair value as the price the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund determines the fair values of its financial instruments using various independent dealers or pricing services under policies approved by the Board of Directors of the Fund (the Board ). The BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee ) is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

**Fair Value Inputs and Methodologies:** The following methods and inputs are used to establish the fair value of the Fund's assets and liabilities:

Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.

Fixed-income securities for which market quotations are readily available are generally valued using the last available bid prices or current market quotations provided by independent dealers or third party pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more independent brokers or dealers as obtained from a third party pricing service. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but a fund may hold or transact in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. The pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values, including transaction data (e.g., recent representative bids and offers), credit quality information, perceived market movements, news, and other relevant information. Certain fixed-income securities, including asset-backed and mortgage related securities may be valued based on valuation models that consider the estimated cash flows of each tranche of the entity, establish a benchmark yield and develop an estimated tranche specific

spread to the benchmark yield based on the unique attributes of the tranche. The amortized cost method of valuation may be used with respect to debt obligations with sixty days or less remaining to maturity unless the Manager determines such method does not represent fair value.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of the Fund's net assets. Each business day, the Fund uses a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded and over-the-counter (OTC) options (the Systematic Fair Value Price). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.

Investments in open-end U.S. mutual funds are valued at NAV each business day.

Futures contracts traded on exchanges are valued at their last sale price.

Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of trading on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day's price will be used, unless it is determined that the prior day's price no longer reflects the fair value of the option. OTC are valued by an independent pricing service using a mathematical model, which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

Swap agreements are valued utilizing quotes received daily by the Fund's pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value (Fair Valued Investments). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that the Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement.



## Notes to Financial Statements (continued)

The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Fund's pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis. As a result of the inherent uncertainty in valuation of these investments, the fair values may differ from the values that would have been used had an active market existed.

For investments in equity or debt issued by privately held companies or funds ( Private Company or collectively, the Private Companies ) and other Fair Valued Investments, the fair valuation approaches that are used by third party pricing services utilize one or a combination of, but not limited to, the following inputs.

|                 | <i>Standard Inputs Generally Considered By Third Party Pricing Services</i>  |
|-----------------|--|
| Market approach | <ul style="list-style-type: none"> <li>(i) recent market transactions, including subsequent rounds of financing, in the underlying investment or comparable issuers;</li> <li>(ii) recapitalizations and other transactions across the capital structure; and</li> <li>(iii) market multiples of comparable issuers.</li> </ul>  |
| Income approach | <ul style="list-style-type: none"> <li>(i) future cash flows discounted to present and adjusted as appropriate for liquidity, credit, and/or market risks;</li> <li>(ii) quoted prices for similar investments or assets in active markets; and</li> <li>(iii) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates.</li> </ul>  |
| Cost approach   | <ul style="list-style-type: none"> <li>(i) audited or unaudited financial statements, investor communications and financial or operational metrics issued by the Private Company;</li> <li>(ii) changes in the valuation of relevant indices or publicly traded companies comparable to the Private Company;</li> <li>(iii) relevant news and other public sources; and</li> <li>(iv) known secondary market transactions in the Private Company's interests and merger or acquisition activity in companies comparable to the Private Company.</li> </ul> |

Investments in series of preferred stock issued by Private Companies are typically valued utilizing market approach in determining the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Valuation techniques such as an option pricing model ( OPM ), a probability weighted expected return model ( PWERM ) or a hybrid of those techniques are used in allocating enterprise value of the company, as deemed appropriate under the circumstances. The use of OPM and PWERM techniques involve a determination of the exit scenarios of the investment in order to appropriately allocate

the enterprise value of the company among the various parts of its capital structure.

The Private Companies are not subject to the public company disclosure, timing, and reporting standards as other investments held by the Fund. Typically, the most recently available information by a Private Company is as of a date that is earlier than the date the Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price the Fund could receive upon the sale of the investment.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access

Level 2 Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs)

Level 3 Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities.

#### **4. SECURITIES AND OTHER INVESTMENTS**

**Asset-Backed and Mortgage-Backed Securities:** Asset-backed securities are generally issued as pass-through certificates or as debt instruments. Asset-backed securities issued as pass-through certificates represent undivided fractional ownership interests in an underlying pool of assets. Asset-backed securities issued as debt instruments, which are also known as collateralized obligations, are typically issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed

by a pool of assets representing the obligations of a number of different parties. The yield

NOTES TO FINANCIAL STATEMENTS

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## Notes to Financial Statements (continued)

characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security will have the effect of shortening the maturity of the security. In addition, a fund may subsequently have to reinvest the proceeds at lower interest rates. If a fund has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

For mortgage pass-through securities (the Mortgage Assets ) there are a number of important differences among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed mortgage pass-through certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States, but are supported by the right of the issuer to borrow from the U.S. Treasury.

Non-agency mortgage-backed securities are securities issued by non-governmental issuers and have no direct or indirect government guarantees of payment and are subject to various risks. Non-agency mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The ability of a borrower to repay a loan is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair a borrower's ability to repay its loans.

**Collateralized Debt Obligations:** Collateralized debt obligations ( CDOs ), including collateralized bond obligations ( CBOs ) and collateralized loan obligations ( CLOs ), are types of asset-backed securities. A CDO is an entity that is backed by a diversified pool of debt securities (CBOs) or syndicated bank loans (CLOs). The cash flows of the CDO can be split into multiple segments, called tranches, which will vary in risk profile and yield. The riskiest segment is the subordinated or equity tranche. This tranche bears the greatest risk of defaults from the underlying assets in the CDO and serves to protect the other, more senior, tranches from default in all but the most severe circumstances. Since it is shielded from defaults by the more junior tranches, a senior tranche will typically have higher credit ratings and lower yields than their underlying securities, and often receive investment grade ratings from one or more of the nationally recognized rating agencies. Despite the protection from the more junior tranches, senior tranches can experience substantial losses due to actual defaults, increased sensitivity to future defaults and the disappearance of one or more protecting tranches as a result of changes in the credit profile of the underlying pool of assets.

**Zero-Coupon Bonds:** Zero-coupon bonds are normally issued at a significant discount from face value and do not provide for periodic interest payments. These bonds may experience greater volatility in market value than other debt obligations of similar maturity which provide for regular interest payments.

**Capital Securities and Trust Preferred Securities:** Capital securities, including trust preferred securities, are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics. In the case of trust preferred securities, an affiliated business trust of a corporation issues these securities, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured with either a fixed or adjustable coupon that can have either a perpetual or stated

maturity date. For trust preferred securities, the issuing bank or corporation pays interest to the trust, which is then distributed to holders of these securities as a dividend. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. These securities generally are rated below that of the issuing company's senior debt securities and are freely callable at the issuer's option.

**Preferred Stocks:** Preferred stock has a preference over common stock in liquidation (and generally in receiving dividends as well), but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Warrants:** Warrants entitle a fund to purchase a specified number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date of the warrants, if any. If the price of the underlying stock does not rise above the strike price before the warrant expires, the warrant generally expires without any value and the Fund will lose any amount it paid for the warrant. Thus, investments in warrants may involve more risk than investments in common stock. Warrants may trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock.

**Floating Rate Loan Interests:** Floating rate loan interests are typically issued to companies (the borrower) by banks, other financial institutions, or privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged or in bankruptcy proceedings. In addition, transactions in floating rate loan interests may settle on a delayed basis, which may result in proceeds from the sale not being readily available for a fund to make additional investments or meet its redemption obligations. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. Since the rates reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the NAV of a fund to the extent that it invests in floating rate loan interests. The base lending rates are generally the lending rate offered by one or more European banks, such as the London Interbank Offered Rate (LIBOR), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. These investments are treated as investments in debt securities for purposes of a fund's investment policies.

## Notes to Financial Statements (continued)

When a fund purchases a floating rate loan interest, it may receive a facility fee and when it sells a floating rate loan interest, it may pay a facility fee. On an ongoing basis, a fund may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by a fund upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. A fund may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. A fund may invest in such loans in the form of participations in loans ( Participations ) or assignments ( Assignments ) of all or a portion of loans from third parties. Participations typically will result in a fund having a contractual relationship only with the lender, not with the borrower. A fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, a fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower. A fund may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, a fund assumes the credit risk of both the borrower and the lender that is selling the Participation. A fund's investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, a fund may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in a fund having a direct contractual relationship with the borrower, and a fund may enforce compliance by the borrower with the terms of the loan agreement.

In connection with floating rate loan interests, the Fund may also enter into unfunded floating rate loan interests ( commitments ). In connection with these commitments, the Fund earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Statement of Operations, is recognized ratably over the commitment period. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation (depreciation) is included in the Statement of Assets and Liabilities and Statement of Operations. As of period end, the Fund had the following unfunded floating rate loan interests:

| <i>Borrower</i>              | <i>Commitment</i> |               | <i>Unrealized<br/>Appreciation</i> |                       |
|------------------------------|-------------------|---------------|------------------------------------|-----------------------|
|                              | <i>Par</i>        | <i>Amount</i> | <i>Value</i>                       | <i>(Depreciation)</i> |
| Convergent Technologies LLC  | \$ 58,578         | \$ 58,432     | \$ 58,469                          | \$ 37                 |
| Lakeland Tours, LLC          | 79,443            | 79,244        | 80,312                             | 1,068                 |
| Mitchell International, Inc. | 300,469           | 298,967       | 301,166                            | 2,199                 |

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Fund may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Fund may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Fund may be required to pay more at settlement than the security is worth. In addition, the Fund is not

entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Fund's maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions.

##### **5. DERIVATIVE FINANCIAL INSTRUMENTS**

The Fund engages in various portfolio investment strategies using derivative contracts both to increase the returns of the Fund and/or to manage its exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedule of Investments. These contracts may be transacted on an exchange or OTC.

**Futures Contracts:** Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract.

Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statement of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

**Forward Foreign Currency Exchange Contracts:** Forward foreign currency exchange contracts are entered into to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a specified date. These contracts help to manage the overall exposure to the currencies in which some of the investments held by the Fund are denominated and in some cases, may be used to obtain exposure to a particular market.

## Notes to Financial Statements (continued)

The contract is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the Statement of Assets and Liabilities. When a contract is closed, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies.

**Options:** The Fund purchases and writes call and put options to increase or decrease its exposure to the risks of underlying instruments, including equity risk, interest rate risk and/or commodity price risk and/or, in the case of options written, to generate gains from options premiums.

A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period.

Premiums paid on options purchased and premiums received on options written, as well as the daily fluctuation in market value, are included in investments at value unaffiliated and options written at value, respectively, in the Statement of Assets and Liabilities. When an instrument is purchased or sold through the exercise of an option, the premium is offset against the cost or proceeds of the underlying instrument. When an option expires, a realized gain or loss is recorded in the Statement of Operations to the extent of the premiums received or paid. When an option is closed or sold, a gain or loss is recorded in the Statement of Operations to the extent the cost of the closing transaction exceeds the premiums received or paid. When the Fund writes a call option, such option is typically covered, meaning that it holds the underlying instrument subject to being called by the option counterparty. When the Fund writes a put option, such option is covered by cash in an amount sufficient to cover the obligation.

In purchasing and writing options, the Fund bears the risk of an unfavorable change in the value of the underlying instrument or the risk that it may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Fund purchasing or selling a security when it otherwise would not, or at a price different from the current market value.

**Swaps:** Swap contracts are entered into to manage exposure to issuers, markets and securities. Such contracts are agreements between the Fund and a counterparty to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract ( OTC swaps ) or centrally cleared ( centrally cleared swaps ).

For OTC swaps, any upfront premiums paid and any upfront fees received are shown as swap premiums paid and swap premiums received, respectively, in the Statement of Assets and Liabilities and amortized over the term of the contract. The daily fluctuation in market value is recorded as unrealized appreciation (depreciation) on OTC Swaps in the Statement of Assets and Liabilities. Payments received or paid are recorded in the Statement of Operations as realized gains or losses, respectively. When an OTC swap is terminated, a realized gain or loss is recorded in the Statement of Operations equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract, if any. Generally, the basis of the contract is the premium received or paid.

In a centrally cleared swap, immediately following execution of the swap contract, the swap contract is novated to a central counterparty (the CCP) and the Fund's counterparty on the swap agreement becomes the CCP. The Fund is required to interface with the CCP through the broker. Upon entering into a centrally cleared swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap. Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited is shown as cash pledged for centrally cleared swaps in the Statement of Assets and Liabilities. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract (variation margin). Variation margin is recorded as unrealized appreciation (depreciation) and shown as variation margin receivable (or payable) on centrally cleared swaps in the Statement of Assets and Liabilities. Payments received from (paid to) the counterparty, including at termination, are recorded as realized gains (losses) in the Statement of Operations.

**Credit default swaps** Credit default swaps are entered into to manage exposure to the market or certain sectors of the market, to reduce risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which a fund is not otherwise exposed (credit risk).

The Fund may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a promise from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation acceleration, repudiation, moratorium or restructuring). As a buyer, if an underlying credit event occurs, the Fund will either (i) receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index, or (ii) receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

**Master Netting Arrangements:** In order to define its contractual rights and to secure rights that will help it mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events.

## Notes to Financial Statements (continued)

**Collateral Requirements:** For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Statement of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Fund, if any, is noted in the Schedule of Investments. Generally, the amount of collateral due from or to a counterparty is subject to a certain minimum transfer amount threshold before a transfer is required, which is determined at the close of business of the Fund. Any additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the counterparty is not permitted to sell, re-pledge or use cash and non-cash collateral it receives. The Fund generally agrees not to use non-cash collateral that it receives but may, absent default or certain other circumstances defined in the underlying ISDA Master Agreement, be permitted to use cash collateral received. In such cases, interest may be paid pursuant to the collateral arrangement with the counterparty. To the extent amounts due to the Fund from its counterparties are not fully collateralized, it bears the risk of loss from counterparty non-performance. Likewise, to the extent the Fund has delivered collateral to a counterparty and stands ready to perform under the terms of its agreement with such counterparty, it bears the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral. Based on the terms of agreements, collateral may not be required for all derivative contracts.

For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements, if any, in the Statement of Assets and Liabilities.

#### **6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES**

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. ( BlackRock ) for 1940 Act purposes.

**Investment Advisory:** The Fund entered into an Investment Advisory Agreement with the Manager, the Fund's investment adviser, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administrative services. The Manager is responsible for the management of the Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of the Fund.

For such services, the Fund pays the Manager a monthly fee at an annual rate equal to 0.55% of the average daily value of the Fund's net assets, plus the proceeds of any debt securities or outstanding borrowings used for leverage. For purposes of calculating this fee, net assets mean the total assets of the Fund minus the sum of its accrued liabilities.

**Distribution Fees:** The Fund had entered into a Distribution Agreement with BlackRock Investments, LLC ( BRIL ), an affiliate of the Manager, to provide for distribution of the Fund's common shares on a reasonable best efforts basis through an equity shelf offering (a Shelf Offering ) (the Distribution Agreement ); however, the Fund is no longer actively engaged in a Shelf Offering, has no effective registration statement or current prospectus and the Distribution Agreement has been terminated.

**Expense Waivers and Reimbursements:** The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees the Fund pays to the Manager indirectly through its investment in affiliated

money market funds (the affiliated money market fund waiver ). This amount is included in fees waived by the Manager in the Statement of Operations. For the year ended February 28, 2018, the amounts waived were \$1,218.

The Manager contractually agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee through June 30, 2018. The agreement can be renewed for annual periods thereafter, and may be terminated on 90 days' notice, each subject to approval by a majority of the Fund's Independent Directors. For the year ended February 28, 2018, the Fund waived \$25,395 in investment advisory fees pursuant to this arrangement.

**Directors and Officers:** Certain Directors and/or officers of the Fund are directors and/or officers of BlackRock or its affiliates. The Fund reimburses the Manager for a portion of the compensation paid to the Fund's Chief Compliance Officer, which is included in Directors and Officer in the Statement of Operations.

**Other Transactions:** During the year ended February 28, 2018, the Fund received a reimbursement of \$2,627 from an affiliate, which is shown as payment by affiliate in the Statement of Operations, related to an operating error.

The Fund may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment adviser, common officers, or common directors. For the year ended February 28, 2018, the purchase and sale transactions and any net realized gains (losses) with an affiliated fund in compliance with Rule 17a-7 under the 1940 Act were as follows:

| <i>Purchases</i> | <i>Sales</i> | <i>Net Realized Gain</i> |
|------------------|--------------|--------------------------|
| \$ 1,010,294     | \$           | \$                       |

## 7. PURCHASES AND SALES

For the year ended February 28, 2018, purchases and sales of investments including paydowns and excluding short-term securities, were \$671,112,379 and \$702,201,042, respectively.

## 8. INCOME TAX INFORMATION

It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required, except with respect to any taxes related to the Taxable Subsidiary.



## Notes to Financial Statements (continued)

The Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Fund's U.S. federal tax returns generally remains open for each of the four years ended February 28, 2018. The statutes of limitations on the Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Fund as of February 28, 2018, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Fund's financial statements.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to the accounting for swap agreements, amortization methods on fixed income securities, the classification of investments, foreign currency transactions, securities in default, income recognized from pass-through entities liquidating distribution on a wholly-owned subsidiary and expiration of capital loss carryforwards were reclassified to the following accounts:

|  |                  |
|--|------------------|
| Paid-in capital                                  | \$ (158,130,127) |
| Distributions in excess of net investment income | (1,143,059)      |
| Accumulated net realized loss                    | 159,273,186      |

The tax character of distributions paid was as follows:

|                 | 2/28/2018     | 2/28/2017     |
|-----------------|---------------|---------------|
| Ordinary income | \$ 49,480,569 | \$ 46,667,038 |

As of period end, the tax components of accumulated net earnings (losses) were as follows:

|                                      |                        |
|--------------------------------------|------------------------|
| Undistributed ordinary income        | \$ 302,496             |
| Capital loss carryforwards           | (66,622,565)           |
| Net unrealized losses <sup>(a)</sup> | (19,763,864)           |
| <b>Total</b>                         | <b>\$ (86,083,933)</b> |

<sup>(a)</sup> The differences between book-basis and tax-basis net unrealized losses were attributable primarily to the tax deferral of losses on wash sales and straddles, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, the deferral of compensation to directors and the classification of investments.

As of February 28, 2018 the Fund had a capital loss carryforward available to offset future realized capital gains through the indicated expiration dates as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| <i>Expires</i>                    |                      |
| No expiration date <sup>(a)</sup> | \$ 50,320,575        |
| 2019                              | 16,301,990           |
| <b>Total</b>                      | <b>\$ 66,622,565</b> |

<sup>(a)</sup> Must be utilized prior to losses subject to expiration.

During the year ended February 28, 2018, the fund utilized \$11,032,333 of its capital loss carryforward.

As of February 28, 2018, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

|                               |                  |
|-------------------------------|------------------|
| Tax cost                      | \$ 1,119,435,889 |
| Gross unrealized appreciation | \$ 16,028,476    |
| Gross unrealized depreciation | (35,280,765)     |
| Net unrealized depreciation   | \$ (19,252,289)  |

## 9. BANK BORROWINGS

The Fund is party to a senior committed secured, 360-day rolling line of credit facility and a separate security agreement (the SSB Agreement ) with State Street Bank and Trust Company ( SSB ). SSB may elect to terminate its commitment upon 360-days written notice to the Fund. As of period end, the Fund has not received any notice to terminate. The Fund has granted a security interest in substantially all of its assets to SSB.

The SSB Agreement allows for the maximum commitment amount of \$377,000,000.

Advances will be made by SSB to the Fund, at the Fund's option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above Overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR. Overnight LIBOR and LIBOR rates are subject to a 0% floor.

## Notes to Financial Statements (continued)

In addition, the Fund paid a commitment fee (based on the daily unused portion of the commitments). The fees associated with each of the agreements are included in the Statement of Operations as borrowing costs, if any. Advances to the Fund as of period end are shown in the Statement of Assets and Liabilities as bank borrowings payable. Based on the short-term nature of the borrowings under the line of credit and the variable interest rate, the carrying amount of the borrowings approximates fair value.

The Fund may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the year ended February 28, 2018, the average amount of bank borrowings and the daily weighted average interest rates for DSU for loans under the revolving credit agreements were \$348,104,110 and 2.00%, respectively.

#### **10. PRINCIPAL RISKS**

In the normal course of business, the Fund invests in securities or other instruments and may enter into certain transactions, and such activities subject the Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations.

The Fund may be exposed to prepayment risk, which is the risk that borrowers may exercise their option to prepay principal earlier than scheduled during periods of declining interest rates, which would force the Fund to reinvest in lower yielding securities. The Fund may also be exposed to reinvestment risk, which is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called fixed-income securities at market interest rates that are below the Fund portfolio's current earnings rate.

**Valuation Risk:** The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. The Fund may invest in illiquid investments and may experience difficulty in selling those investments in a timely manner at the price that it believes the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause the Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of the Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. The Fund's

ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third party service providers.

**Counterparty Credit Risk:** The Fund may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Fund manages counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund's exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statement of Assets and Liabilities, less any collateral held by the Fund.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Fund's risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain less the value of any collateral held by the Fund.

For OTC options purchased, the Fund bears the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral held by the Fund should the counterparty fail to perform under the contracts. Options written by the Fund do not typically give rise to counterparty credit risk, as options written generally obligate the Fund, and not the counterparty, to perform. The Fund may be exposed to counterparty credit risk with respect to options written to the extent the Fund deposits collateral with its counterparty to a written option.

With futures and centrally cleared swaps, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund.

## Notes to Financial Statements (continued)

**Concentration Risk:** The Fund invests a significant portion of its assets in fixed-income securities and/or uses derivatives tied to the fixed-income markets. Changes in market interest rates or economic conditions may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise.

The Fund may invest in securities that are rated below investment grade quality (sometimes called "junk bonds"), which are predominantly speculative, have greater credit risk and generally are less liquid and have more volatile prices than higher quality securities.

## 11. CAPITAL SHARE TRANSACTIONS

The Fund is authorized to issue 400 million shares, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares without the approval of Common Shareholders.

### Common Shares

On September 6, 2017, the Board approved a renewal of the Fund's continued participation in an open market share repurchase program. Pursuant to such renewal, the Fund may purchase beginning on December 1, 2017 through November 30, 2018, at prevailing market prices, up to 5% of its common shares outstanding as of the close of business on November 30, 2017, subject to certain conditions. There is no assurance that the Fund will purchase shares in any particular amounts. The total amount of the repurchase offer is reflected in the Fund's Statements of Changes in Net Assets.

For the years shown, shares repurchased and cost, including transaction costs were as follows:

| <i>Year Ended February 28,</i> | <i>Shares</i> | <i>Amount</i> |
|--------------------------------|---------------|---------------|
| 2018                           | 2,707,359     | \$ 31,452,392 |
| 2017                           | 805,119       | 9,233,758     |

On February 16, 2018, the Board approved the Fund's adoption of a three-year discount management program (the "Program") that is expected to end in 2020. Under the Program, the Fund intends to offer to repurchase its common shares based on three 3-month measurement periods if the Fund's common shares trade at an average daily discount to net asset value (NAV) of more than 7.5% during a measurement period. The Board approved the Fund offering to repurchase 10% of its outstanding common shares for the first measurement period, which began on December 1, 2017 and ended on February 28, 2018, as the discount trigger was met. The results of the second and third measurement periods, and any action approved by the Board as a result, will be announced promptly after the end of each applicable measurement period. There is no guarantee that shareholders will be able to sell all of the shares that they desire to sell in any particular repurchase that is executed.

## 12. CONTINGENCIES

In May 2015, the Motors Liquidation Company Avoidance Action Trust, as the Trust Administrator and Trustee of the General Motors bankruptcy estate, began serving amended complaints on defendants, which include former holders of certain General Motors debt (the Debt), in an adversary proceeding in the United States Bankruptcy Court for the Southern District of New York. In addition to the Fund, the lawsuit also names over five hundred other institutional investors as defendants, some of which are also managed by BlackRock Advisors, LLC or its affiliates. The plaintiffs are seeking an order that the Fund and other defendants return proceeds received in 2009 in full payment of the principal and interest on the Debt. The holders received a full repayment of a term loan pursuant to a court order in the General Motors bankruptcy proceeding with the understanding that the Debt was fully secured at the time of repayment. The plaintiffs contend that the Fund and other defendants were not secured creditors at the time of the 2009 payments and therefore not entitled to the payments in full. The Fund cannot predict the outcome of the lawsuit, or the effect, if any, on the Fund's NAV. As such, no liability for litigation related to this matter is reflected in the financial statements. Management cannot determine the amount of loss that will be realized by the Fund but does not expect the loss to exceed the payment received in 2009. The amount of the proceeds received in 2009 is \$1,385,823 for the Fund.

### ***13. SUBSEQUENT EVENTS***

Management's evaluation of the impact of all subsequent events on the Fund's financial statements was completed through the date the financial statements were issued and the following items were noted:

The Fund paid a net investment income dividend of \$0.0685 per share on March 29, 2018 to Common Shareholders of record on March 15, 2018.

Additionally, the Fund declared a net investment income dividend of \$0.0685 per share on April 2, 2018 payable to Common Shareholders of record on April 16, 2018.

As a result of the first Measurement Period under the Program, the Fund conducted a tender offer for 10% of its outstanding shares of common stock. The tender offer expired on April 17, 2018 and the fund purchased 5,879,192 common shares at a purchase price of \$12.4068 per share, for a total amount of \$72,941,959.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of

BlackRock Debt Strategies Fund, Inc.:

### **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock Debt Strategies Fund, Inc. (the Fund ), as of February 28, 2018, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes (through November 30, 2017, all statements and financial highlights were consolidated). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of February 28, 2018, and the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended (through November 30, 2017, all statements and financial highlights were consolidated), in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of February 28, 2018, by correspondence with the custodian, agent banks, and brokers; when replies were not received from agent banks or brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

Boston, Massachusetts

April 20, 2018

We have served as the auditor of one or more BlackRock investment companies since 1992.

Important Tax Information (unaudited)

During the fiscal year ended February 28, 2018, the following information is provided with respect to the ordinary income distributions paid by the Fund.

|                         | <i>Interest-Related Dividends<br/>for<br/>Non-US Residents</i> <sup>(a)</sup> |
|-------------------------|---|
| March 2017              | 64.49%  |
| April 2017 January 2018 | 73.50   |
| February 2018           | 100   |

<sup>(a)</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.



### Automatic Dividend Reinvestment Plan

Pursuant to the Fund's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains and other distributions reinvested by Computershare Trust Company, N.A. (the "Reinvestment Plan Agent") in the respective Fund's Common Shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street name or other nominee name, then to the nominee) by the Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Fund declares a dividend or determines to make a capital gain or other distribution, the Reinvestment Plan Agent will acquire shares for the participant's accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Fund ( "newly issued shares") or (ii) by purchase of outstanding shares on the open market or on the Fund's primary exchange ( "open-market purchases"). If, on the dividend payment date, the net asset value per share ( "NAV") is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

You may elect not to participate in the Reinvestment Plan and to receive all dividends in cash by contacting the Reinvestment Plan Agent, at the address set forth below.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Reinvestment Plan Agent's fees for the handling of the reinvestment of distributions will be paid by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Reinvestment Plan Agent's open market purchases in connection with the reinvestment of all distributions. The automatic reinvestment of all distributions will not relieve participants of any U.S. federal, state or local income tax that may be payable on such dividends or distributions.

The Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan; however, the Fund reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares are subject to a \$0.02 per share

sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 505000, Louisville, KY 40233, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare, 462 South 4<sup>th</sup> Street, Suite 1600, Louisville, KY 40202.

## Director and Officer Information

**Independent Directors** <sup>(a)</sup>

| <b>Name</b>                        | <b>Position(s) Held (Length of Service) <sup>(c)</sup></b> | <b>Principal Occupation(s) During Past Five Years</b>   | <b>Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen <sup>(d)</sup></b> | <b>Public Company and Other Investment Company Directorships Held During Past Five Years</b> |
|------------------------------------|--|---|--|--|
| <b>Richard E. Cavanagh</b><br>1946 | Chair of the Board and Director<br><br>(Since 2007)        | Director, The Guardian Life Insurance Company of America since 1998; Board Chair, Volunteers of America (a not-for-profit organization) since 2015 (board member since 2009); Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Faculty Member/Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 75 RICs consisting of 75 Portfolios  | None   |
| <b>Karen P. Robards</b><br>1950    | Vice Chair of the Board and Director<br><br>(Since 2007)   | Principal of Robards & Company, LLC (consulting and private investing) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Investment  | 75 RICs consisting of 75 Portfolios  | Greenhill & Co., Inc.; AtriCure, Inc. (medical devices) from 2000 until 2017                 |

|                              |                          |  |                                     |   |
|------------------------------|--------------------------|--|-------------------------------------|---|
| <b>Michael J. Castellano</b> | Director<br>(Since 2011) | Banker at Morgan Stanley from 1976 to 1987. Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) from 2009 to June 2015 and since 2017; Director, National Advisory Board of Church Management at Villanova University since 2010; Trustee, Domestic Church Media Foundation since 2012; Director, CircleBlack Inc. (financial technology company) since 2015. | 75 RICs consisting of 75 Portfolios | None  |
| 1946                         |                          |  |                                     |   |
| <b>Cynthia L. Egan</b>       | Director<br>(Since 2016) | Advisor, U.S. Department of the Treasury from 2014 to 2015; President, Retirement Plan Services for T. Rowe Price Group, Inc. from 2007 to 2012; executive positions within Fidelity Investments from 1989 to 2007.  | 75 RICs consisting of 75 Portfolios | Unum (insurance); The Hanover Insurance Group (insurance); Envestnet (investment platform) from 2013 until 2016 |
| 1955                         |                          |  |                                     |   |
| <b>Frank J. Fabozzi</b>      | Director<br>(Since 2007) | Editor of and Consultant for The Journal of Portfolio Management since 2006; Professor of Finance, EDHEC Business School since 2011; Visiting Professor, Princeton University from 2013 to 2014 and since 2016; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011.  | 75 RICs consisting of 75 Portfolios | None  |
| 1948                         |                          |  |                                     |   |
| <b>R. Glenn Hubbard</b>      | Director<br>(Since 2007) | Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988.  | 75 RICs consisting of 75 Portfolios | ADP (data and information services); Metropolitan Life Insurance Company (insurance)                            |
| 1958                         |                          |  |                                     |   |
| <b>W. Carl Kester</b>        | Director<br>(Since 2007) | George Fisher Baker Jr. Professor of Business Administration, Harvard  | 75 RICs consisting of 75 Portfolios | None  |
| 1951                         |                          |  |                                     |   |

|   |                                  |  |  |
|---|----------------------------------|--|--|
| <p><b>Catherine A. Lynch</b><br/>1961</p> | <p>Director<br/>(Since 2016)</p> | <p>Business School since 2008, Deputy Dean for Academic Affairs from 2006 to 2010, Chairman of the Finance Unit, from 2005 to 2006, Senior Associate Dean and Chairman of the MBA Program from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.</p> <p>Chief Executive Officer, Chief Investment Officer and various other positions, National Railroad Retirement Investment Trust from 2003 to 2016; Associate Vice President for Treasury Management, The George Washington University from 1999 to 2003; Assistant Treasurer, Episcopal Church of America from 1995 to 1999.</p> | <p>75 RICs consisting of 75 Portfolios    None</p> |
|---|----------------------------------|--|--|

## Director and Officer Information (continued)

**Interested Directors** <sup>(a)(e)</sup>

| <b>Name</b>                          | <b>Position(s) Held</b><br><b>(Length of Service)</b> <sup>(c)</sup>                | <b>Principal Occupation(s) During Past Five Years</b>   | <b>Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) Overseen</b> <sup>(d)</sup> | <b>Public Company and Investment Company Directorships During Past Five Years</b> |
|--------------------------------------|---|---|--|---|
| <b>Robert Fairbairn</b><br><br>1965  | Director<br><br>(Since 2018)  | Senior Managing Director of BlackRock, Inc. since 2010; oversees BlackRock's Strategic Partner Program and Strategic Product Management Group; Member of BlackRock's Global Executive and Global Operating Committees; Co-Chair of BlackRock's Human Capital Committee; Global Head of BlackRock's Retail and iShares® businesses from 2012 to 2016; Head of BlackRock's Global Client Group from 2009 to 2012; Chairman of BlackRock's international businesses from 2007 to 2010. | 128 RICs consisting of 317 Portfolios  | None  |
| <b>John M. Perlowski</b><br><br>1964 | Director (Since 2015);<br>President and Chief Executive Officer<br><br>(Since 2011) | Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Accounting and Product Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President  | 128 RICs consisting of 317 Portfolios  | None  |

thereof from 2007 to 2009;  
Director of Goldman Sachs  
Offshore Funds from 2002  
to 2009; Advisory Director  
of Family Resource  
Network (charitable  
foundation) since 2009.

- (a) The address of each Director is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.
- (b) Each Independent Director will serve until his or her successor is elected and qualifies, or until his or her earlier death, resignation, retirement or removal, or until December 31 of the year in which he or she turns 75. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon finding of good cause therefor.
- (c) Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Directors as joining the Board in 2007, each Director first became a member of the boards of other legacy MLIM or legacy BlackRock funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; R. Glenn Hubbard, 2004; W. Carl Kester, 1995 and Karen P. Robards, 1998.
- (d) For purposes of this chart, "RICs" refers to investment companies registered under the 1940 Act and "Portfolios" refers to the investment programs of the BlackRock-advised funds. The Closed-End Complex is comprised of 75 RICs. Mr. Fairbairn and Mr. Perlowski are also board members of the BlackRock Equity-Bond Complex and the BlackRock Equity-Liquidity Complex.
- (e) Mr. Fairbairn and Mr. Perlowski are both "interested persons," as defined in the 1940 Act, of the Fund based on their positions with BlackRock and its affiliates. Mr. Fairbairn and Mr. Perlowski are also board members of the BlackRock Equity-Bond Complex and the BlackRock Equity-Liquidity Complex. Interested Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Director by action of a majority of the Directors upon a finding of good cause therefor.

## Director and Officer Information (continued)

**Officers Who Are Not Directors** <sup>(a)</sup>

| <b>Name</b>            | <b>Position(s) Held<br/>(Length of<br/>Service)</b> | <b>Principal Occupation(s) During Past Five Years</b>   |
|------------------------|---|---|
| <b>Jonathan Diorio</b> | Vice President                                      | Managing Director of BlackRock, Inc. since 2015; Director of BlackRock, Inc. from 2011 to 2015; Director of Deutsche Asset & Wealth Management from 2009 to 2011.   |
| 1980                   | (Since 2015)  |   |
| <b>Neal J. Andrews</b> | Chief Financial Officer                             | Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.  |
| 1966                   | (Since 2007)  |   |
| <b>Jay M. Fife</b>     | Treasurer   | Managing Director of BlackRock, Inc. since 2007; Director of BlackRock, Inc. in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.  |
| 1970                   | (Since 2007)  |   |
| <b>Charles Park</b>    | Chief Compliance Officer                            | Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares <sup>®</sup> Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ( BFA ) since 2006; Chief Compliance Officer for the BFA-advised iShares <sup>®</sup> exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012. |
| 1967                   | (Since 2014)  |   |
| <b>Janey Ahn</b>       | Secretary   | Managing Director of BlackRock, Inc. since 2018; Director of BlackRock, Inc. from 2009 to 2017; Assistant Secretary of the funds in the Closed-End Complex from 2008 to 2012.   |
| 1975                   | (Since 2012)  |   |

<sup>(a)</sup> The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>(b)</sup> Officers of the Fund serve at the pleasure of the Board.

Effective December 31, 2017, Jerrold B. Harris retired as a Director of the Fund.

Effective February 16, 2018, Barbara G. Novick resigned, and Robert Fairbairn was appointed, as an Interested Director of the Fund.

**Investment Adviser**  
BlackRock Advisors, LLC  
Wilmington, DE 19809

**Distributor**  
BlackRock Investments, LLC  
New York, NY 10022

**Transfer Agent**  
Computershare Trust Company, N.A.

**Legal Counsel**  
Skadden, Arps, Slate, Meagher & Flom LLP



Canton, MA 02021

Boston, MA 02116

**Custodian and Accounting Agent**

State Street Bank and Trust Company  
Boston, MA 02111

**Address of the Fund**

100 Bellevue Parkway  
Wilmington, DE 19809

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Boston, MA 02116

DIRECTOR AND OFFICER INFORMATION

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## Additional Information

### **Fund Certification**

The Fund is listed for trading on the NYSE and has filed with the NYSE its annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Fund filed with the SEC the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

### **Dividend Policy**

The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the distributions paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The portion of distributions that exceeds the Fund's current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return of capital. Distributions in excess of the Fund's taxable income and net capital gains, but not in excess of the Fund's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the financial information included in this report.

### **General Information**

During the period there were no material changes in the Fund's investment objectives or policies or to the Fund's charter or by-laws that would delay or prevent a change of control of the Fund that were not approved by the shareholders or in the principal risk factors associated with investment in the Fund. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Fund's portfolio.

In accordance with Section 23(c) of the 1940 Act, the Fund may from time to time purchase shares of its common stock in open market or in private transactions.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Fund may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. Any reference to BlackRock's website in this report is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock's website in this report.

### **Electronic Delivery**

Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports by enrolling in the electronic delivery program. Electronic copies of shareholder reports are available on BlackRock's website.

To enroll in electronic delivery:

### **Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:**

Please contact your financial advisor. Please note that not all investment advisers, banks or brokerages may offer this service.

### **Householding**

The Fund will mail only one copy of shareholder documents, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Fund at (800) 882-0052.

### **Availability of Quarterly Schedule of Investments**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Fund's Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

### **Availability of Proxy Voting Policies and Procedures**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

### **Availability of Proxy Voting Record**

Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com>; or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

Additional Information (continued)

### Availability of Fund Updates

BlackRock will update performance and certain other data for the Fund on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Fund. This reference to BlackRock's website is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate BlackRock's website in this report.

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

### Glossary of Terms Used in this Report

#### Portfolio Abbreviations

|         |                                 |
|---------|---------------------------------|
| CDO     | Collateralized Debt Obligations |
| CLO     | Collateralized Loan Obligation  |
| DIP     | Debtor-In-Possession            |
| EUR     | Euro                            |
| EURIBOR | Euro Interbank Offered Rate     |

|       |                               |
|-------|-------------------------------|
| GBP   | British Pound                 |
| LIBOR | London Interbank Offered Rate |
| MTN   | Medium-Term Note              |
| PIK   | Payment-In-Kind               |
| USD   | U.S. Dollar                   |

ADDITIONAL INFORMATION

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This report is intended for current holders. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

CEFDSU-2/18-AR

- Item 2 Code of Ethics The registrant (or the Fund ) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, the code of ethics was amended to clarify an inconsistency as to whom persons covered by the code should report suspected violations of the code. The amendment clarifies that such reporting should be made to BlackRock Advisors, LLC's ( Investment Adviser or BlackRock ) General Counsel, and retains the alternative option of anonymous reporting following whistleblower policies. Other non-material changes were also made in connection with this amendment. During the period covered by this report, there have been no waivers granted under the code of ethics. The registrant undertakes to provide a copy of the code of ethics to any person upon request, without charge, who calls 1-800-882-0052, option 4.
- Item 3 Audit Committee Financial Expert The registrant's board of directors (the board of directors ), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano

Frank J. Fabozzi

W. Carl Kester

Catherine A. Lynch

Karen P. Robards

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an



audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

Item 4 Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP ( D&T ) in each of the last two fiscal years for the services rendered to the Fund:

| Entity Name                          | (a) Audit Fees     |                    | (b) Audit-Related Fees <sup>1</sup> |                    | (c) Tax Fees <sup>2, 4</sup> |                    | (d) All Other Fees |                    |
|--------------------------------------|--------------------|--------------------|-------------------------------------|--------------------|------------------------------|--------------------|--------------------|--------------------|
|                                      | <u>Current</u>     | <u>Previous</u>    | <u>Current</u>                      | <u>Previous</u>    | <u>Current</u>               | <u>Previous</u>    | <u>Current</u>     | <u>Previous</u>    |
|                                      | <u>Fiscal Year</u> | <u>Fiscal Year</u> | <u>Fiscal Year</u>                  | <u>Fiscal Year</u> | <u>Fiscal Year</u>           | <u>Fiscal Year</u> | <u>Fiscal Year</u> | <u>Fiscal Year</u> |
| BlackRock Debt Strategies Fund, Inc. | <u>End</u>         | <u>End</u>         | <u>End</u>                          | <u>End</u>         | <u>End</u>                   | <u>End</u>         | <u>End</u>         | <u>End</u>         |
|                                      | \$96,600           | \$98,494           | \$0                                 | \$4,000            | \$15,400                     | \$28,902           | \$0                | \$0                |

The following table presents fees billed by D&T that were required to be approved by the registrant's audit committee (the Committee) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund ( Affiliated Service Providers ):

|   | <u>Current Fiscal Year End</u> | <u>Previous Fiscal Year End</u> |
|---|--------------------------------|---------------------------------|
| <b>(b) Audit-Related Fees<sup>1</sup></b> | \$0                            | \$0                             |
| <b>(c) Tax Fees<sup>2, 4</sup></b>        | \$0                            | \$0                             |
| <b>(d) All Other Fees<sup>3</sup></b>     | \$2,274,000                    | \$2,129,000                     |

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit or review of financial statements not included in Audit Fees, including accounting consultations, agreed-upon procedure reports, attestation reports, comfort letters, out-of-pocket expenses and internal control reviews not required by regulators.

<sup>2</sup> The nature of the services includes tax compliance and/or tax preparation, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews, taxable income and tax distribution calculations.

<sup>3</sup> Non-audit fees of \$2,274,000 and \$2,129,000 for the current fiscal year and previous fiscal year, respectively, were paid to the Fund's principal accountant in their entirety by BlackRock, in connection with services provided to the Affiliated Service Providers of the Fund and of certain other funds sponsored and advised by BlackRock or its affiliates for a service organization review and an accounting research tool subscription. These amounts represent aggregate fees paid by BlackRock and were not allocated on a per fund basis.

<sup>4</sup> Includes fees for the Fund and the Fund's subsidiary.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Affiliated Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC's auditor independence rules and (b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ( general pre-approval ). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved

provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the Committee pursuant to the de minimis exception in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) The aggregate non-audit fees, defined as the sum of the fees shown under Audit-Related Fees, Tax Fees and All Other Fees, paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Affiliated Service Providers were:

|                                      | <b><u>Current Fiscal</u></b> | <b><u>Previous Fiscal</u></b> |
|--------------------------------------|------------------------------|-------------------------------|
| <b><u>Entity Name</u></b>            | <b><u>Year End</u></b>       | <b><u>Year End</u></b>        |
| BlackRock Debt Strategies Fund, Inc. | \$15,400                     | \$32,902                      |

Additionally, the amounts billed by D&T in connection with services provided to the Affiliated Service Providers of the Fund and of other funds sponsored or advised by BlackRock or its affiliates during the current and previous fiscal years for a service organization review and an accounting research tool subscription were:

|  | <b><u>Current Fiscal</u></b> | <b><u>Previous Fiscal</u></b> |
|--|------------------------------|-------------------------------|
|  | <b><u>Year End</u></b>       | <b><u>Year End</u></b>        |
|  | \$2,274,000                  | \$2,129,000                   |

These amounts represent aggregate fees paid by BlackRock and were not allocated on a per fund basis.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Affiliated Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5 Audit Committee of Listed Registrants

- (a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Michael Castellano

Frank J. Fabozzi

W. Carl Kester

Catherine A. Lynch

Karen P. Robards

- (b) Not Applicable

Item 6 Investments

- (a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

- (b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies  
The board of directors has delegated the voting of proxies for the Fund's portfolio securities to the Investment Adviser pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies

- (a)(1) As of the date of filing this Report:

The Fund is managed by a team of investment professionals comprised of James E. Keenan, Managing Director at BlackRock, C. Adrian Marshall, Managing Director at BlackRock and

Mitchell Garfin, Managing Director at BlackRock. Messrs. Keenan, Marshall and Garfin are the Fund's co-portfolio managers and are responsible for the day-to-day management of the Fund's portfolio and the selection of its investments. Messrs. Keenan and Marshall have been members of the Fund's management team since 2009. Mr. Garfin has been a member of the Fund's portfolio management team since 2016.

|                   |  |
|-------------------|--|
| Portfolio Manager | Biography  |
| James E. Keenan   | Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock from 2006 to 2007. |
| C.Adrian Marshall | Managing Director of BlackRock since 2013; Director of BlackRock from 2007 to 2013; Vice President of BlackRock from 2004 to 2007.   |
| Mitchell Garfin   | Managing Director of BlackRock since 2009; Director of BlackRock from 2005 to 2008.  |

(a)(2) As of February 28, 2018:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type |                                  |                          | (iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based |                                  |                        |
|-------------------------------|--|----------------------------------|--------------------------|---|----------------------------------|------------------------|
|                               | Other Registered Investment Companies                            | Other Pooled Investment Vehicles | Other Accounts           | Other Registered Investment Companies   | Other Pooled Investment Vehicles | Other Accounts         |
| James E. Keenan               | 13<br>\$25.62<br>Billion   | 20<br>\$12.22 Billion            | 21<br>\$9.62<br>Billion  | 0<br>\$0  | 0<br>\$0                         | 5<br>\$1.01<br>Billion |
| C. Adrian Marshall            | 5<br>\$2.51<br>Billion   | 26<br>\$10.50 Billion            | 14<br>\$2.90<br>Billion  | 0<br>\$0  | 0<br>\$0                         | 0<br>\$0               |
| Mitchell Garfin               | 14<br>\$21.55<br>Billion   | 10<br>\$6.28 Billion             | 25<br>\$11.16<br>Billion | 0<br>\$0  | 0<br>\$0                         | 5<br>\$1.10<br>Billion |

(iv) Portfolio Manager Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts



which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Messrs. Keenan, Marshall and Garfin may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Messrs. Keenan, Marshall and Garfin may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

*(a)(3) Portfolio Manager Compensation Overview*

The discussion below describes the portfolio managers' compensation as of February 28, 2018.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

**Base Compensation.** Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation**



Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Fund and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are:

**Portfolio Managers**

C. Adrian Marshall

James Keenan

Mitchell Garfin

**Applicable Benchmarks**

A combination of market-based indices (e.g., S&P Leveraged All Loan Index), certain customized indices and certain fund industry peer groups.

A combination of market-based indices (e.g., The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index), certain customized indices and certain fund industry peer groups.

**Distribution of Discretionary Incentive Compensation.** Discretionary incentive compensation is distributed to portfolio managers in a combination of cash, deferred BlackRock, Inc. stock awards, and/or deferred cash awards that notionally track the return of certain BlackRock investment products.

Portfolio managers receive their annual discretionary incentive compensation in the form of cash. Portfolio managers whose total compensation is above a specified threshold also receive deferred BlackRock, Inc. stock awards annually as part of their discretionary incentive compensation. Paying a portion of discretionary incentive compensation in the form of deferred BlackRock, Inc. stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods. In some cases, additional deferred BlackRock, Inc. stock may be granted to certain key employees as part of a long-term incentive award to aid in retention, align interests with long-term shareholders and motivate performance. Deferred BlackRock, Inc. stock awards are generally granted in the form of BlackRock, Inc. restricted stock units that vest pursuant to the terms of the applicable plan and, once vested, settle in BlackRock, Inc. common stock. The portfolio managers of this Fund have deferred BlackRock, Inc. stock awards.

For certain portfolio managers, a portion of the discretionary incentive compensation is also distributed in the form of deferred cash awards that notionally track the returns of select BlackRock investment products they manage, which provides direct alignment of portfolio manager discretionary incentive compensation with investment product results. Deferred cash awards vest ratably over a number of years and, once vested, settle in the form of cash. Only portfolio managers

who manage specified products and whose total compensation is above a specified threshold are eligible to participate in the deferred cash award program.

**Other Compensation Benefits.** In addition to base salary and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$275,000 for 2018). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of February 28, 2018.

| <b>Portfolio Manager</b> | <b>Dollar Range of Equity Securities of the Fund Beneficially Owned</b> |
|--------------------------|---|
| James Keenan             | \$10,001 - \$50,000   |
| C. Adrian Marshall       | \$10,001 - \$50,000   |
| Mitchell Garfin          | \$10,001 - \$50,000   |

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

| <u>Period</u>        | <u>(a) Total Number of Shares Purchased<sup>1</sup></u> | <u>(b) Average Price Paid per Share</u> | <u>(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs<sup>1</sup></u> | <u>(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs<sup>1</sup></u> |
|----------------------|---|---|---|---|
| September 1-30, 2017 | 159,806   | \$11.5794                               | 159,806   | 697,249   |
| October 1-31, 2017   | 145,328   | \$11.7583                               | 145,328   | 551,921   |
| November 1-30, 2017  | 193,145   | \$11.6039                               | 193,145   | 358,776   |

|                     |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|
| December 1-31, 2017 | 78,410    | \$11.6365 | 78,410    | 2,899,756 |
| January 1-31, 2018  | 402,756   | \$11.6724 | 402,756   | 2,497,000 |
| February 1-28, 2018 | 274,868   | \$11.5670 | 274,868   | 2,222,132 |
| <b>Total:</b>       | 1,254,313 | \$11.6346 | 1,253,313 | 2,222,132 |

<sup>1</sup>The Fund announced an open market share repurchase program on October 28, 2016 pursuant to which the Fund was authorized to repurchase, through November 30, 2017, up to 5% of its outstanding common shares based on common shares outstanding on October 28, 2016 (3,115,220 common shares), in open market transactions. On September 6, 2017, the Fund announced a continuation of the open market share repurchase program, which commenced on December 1, 2017. The Fund may repurchase up to 5% of its outstanding shares based on common shares outstanding on November 30, 2017, in open market transactions, subject to certain conditions.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Disclosure of Securities Lending Activities for Closed-End Management Investment Companies

(a) The following table shows the dollar amounts of income, and dollar amounts of fees and/or compensation paid, relating to the Fund's securities lending activities during the fiscal year ended February 28, 2018. The Fund did not engage in any securities lending activity during the fiscal year ended February 28, 2018.

BlackRock Debt Strategies Fund, Inc.

|  |            |
|--|------------|
| <b>(1) Gross income from securities lending activities</b>   | <b>\$0</b> |
| <b>(2) Fees and/or compensation for securities lending activities and related services</b>                             |            |
| (a) Securities lending income paid to BIM for services as securities lending agent                                     | \$0        |
| (b) Collateral management expenses (including fees deducted from a polled cash collateral vehicle) not included in (a) | \$0        |
| (c) Administrative fees not included in (a)  | \$0        |
| (d) Indemnification fees not included in (a)   | \$0        |
| (e) Rebate (paid to borrowers)   | \$0        |
| (f) Other fees not included in (a)   | \$0        |
| <b>(3) Aggregate fees/compensation for securities lending activities</b>   | <b>\$0</b> |

(4) **Net income from securities lending activities**

**\$0**

**10**

(b) BlackRock Investment Management, LLC ( BIM ) serves as securities lending agent for the Fund and in that role administers the Fund s securities lending program pursuant to the terms of a securities lending agency agreement entered into between the Fund and BIM.

Item 13 Exhibits attached hereto

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(a)(4) Not Applicable

(b) Certifications Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Debt Strategies Fund, Inc.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: May 4, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: May 4, 2018

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Debt Strategies Fund, Inc.

Date: May 4, 2018